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 INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

B E T W E E N:

PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF BRIDGING FINANCE INC. AND CERTAIN RELATED ENTITIES AND INVESTMENT FUNDS

Applicant

- and -

MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Respondents

APPLICATION RECORD
(Re: CCAA Application)
(Returnable June 2, 2022)

June 1, 2022

Thornton Grout Finnigan LLP
3200 – 100 Wellington Street West
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7

Rebecca Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca

Adam Driedger (LSO# 77296F)
Email: adriedger@tgf.ca

Lawyers for PricewaterhouseCoopers Inc.

Court File No. _____

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

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Respondents

Index
(Re CCAA Application)
(Returnable June 2, 2022)

C.	Exhibit "**C**"- Management Discussions and Analysis filed on November 3, 2021
D.	Exhibit "**D**"- Canadian Loan Agreement (including each amendment thereto)
E	Exhibit "**E**"- U.S. Loan Agreement (including each amendment thereto)
F.	Exhibit "**F**"- Copy of Receiver Certificate No. 3
G	Exhibit "**G**"- Copy of Receiver Certificate No. 2
H.	Exhibit "**H**"- Copy of Receiver Certificate No. 1
I.	Exhibit "**I**"- Unaudited consolidated Financial statements for the three and nine months ended September 30, 2021
J.	Exhibit "**J**"- Audited consolidated financial statements for the year ended December 31, 2020 and 2019
K.	Exhibit "**K**"- Receivership Order dated March 23, 2022
L.	Exhibit "**L**"- MJar Receiver's press release dated March 23, 2022
M.	Exhibit "**M**"- DIP Term Sheet
N.	Exhibit "**N**"- Curriculum Vitae of Mr. Steinberg
O.	Exhibit "**O**"- Redacted copy of the CRO engagement letter
3.	Draft Initial Order
4.	Blackline Comparison of Draft Initial Order to Model Order

TAB 1

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

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PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF BRIDGING FINANCE INC. AND CERTAIN RELATED ENTITIES AND INVESTMENT FUNDS

Applicant

- and -

MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Respondents

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

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

☐ In person

☐ By telephone conference

☒ By video conference

Before Chief Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) on June 2, 2022 at 3:30 p.m. (ET) and heard by judicial video conference via Zoom at Toronto, Ontario, in

accordance with the changes to the Commercial List operations in light of the COVID-19 pandemic and the Notice to the Profession updated on February 16, 2022.

Please refer to the conference details attached as Schedule "A" hereto and advise if you intend to attend the hearing by emailing Adam Driedger at adriedger@tgf.ca.

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

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant(s)' lawyer or, where the Applicant(s) do not have a lawyer, serve it on the Applicant(s), and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

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

Date _____ Issued by _____
Local Registrar

Address of court office: 330 University Avenue, 9th Floor
Toronto ON M5G 1R7

TO: THIS HONOURABLE COURT

AND TO: THE ATTACHED SERVICE LIST AT SCHEDULE "B"

APPLICATION

1. All capitalized terms not expressly defined herein are defined in the Affidavit of Graham Page sworn June 1, 2022 (the "**Page Affidavit**").

2. PricewaterhouseCoopers Inc. ("**PwC**"), solely in its capacity as court-appointed receiver and manager of Bridging Finance Inc. ("**BFI**") and certain related entities and investment funds (the "**Applicant**" or the "**Bridging Receiver**") makes this Application for an initial order (the "**Initial Order**"), substantially in the form located at Tab 3 of its Application Record, pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") in respect of MJardin Group, Inc. ("**MJar**"), Growforce Holdings Inc. ("**Growforce**"), 8586985 Canada Corporation ("**858**") and Highgrade MMJ Corporation ("**Highgrade**" and, together with MJar, Growforce and 858, the "**Respondents**"), among other things:

   (a) abridging the time for service of this Notice of Application and the materials filed in support of the application and dispensing with further service thereof;

   (b) declaring that each of the Respondents is a debtor company to which the CCAA applies;

   (c) appointing KSV Restructuring Inc. (the "**Proposed Monitor**") as an officer of this Court to monitor the assets, business, and financial affairs of the Respondents;

   (d) staying all proceedings taken or that might be taken in respect of the Respondents, the Property, the current directors and officers of the Respondents, or the Proposed Monitor for an initial period of 10 days, subject to further Order of the Court (the "**Stay of Proceedings**");

   (e) granting the following charges over the Property:

      (i) the Administration Charge up to a maximum amount of $100,000;

      (ii) the DIP Lender's Charge up to a maximum amount of $250,000; and

      (iii) the Directors' Charge up to maximum amount of $355,000;

   (f) approving the DIP Term Sheet and the Respondents' ability to borrower thereunder;

(g) sealing the Confidential Appendices to the KSV Report until further Order of the Court;

3. Prior to the expiry of the Stay of Proceedings, at a comeback hearing to be scheduled by the Court, the Bridging Receiver intends to seek an Amended and Restated Initial Order, among other things:

(a) extending the Stay of Proceedings;

(b) appointing HCC as CRO of the Respondents and approving the CRO Engagement Letter;

(c) increasing the amount of the Administration Charge to $300,000 and providing that the CRO shall have the benefit of the Administration Charge up to a maximum of $160,000, provided that the Administration Charge will not secure the obligation of the Respondents to pay the Additional Consideration;

(d) increasing the amount of the DIP Lender's Charge to $2,000,000;

(e) increasing the amount of the Directors' Charge to $785,000; and

(f) granting the CRO Additional Consideration Charge;

4. Such further and other relief as this Honourable Court considers just.

THE GROUNDS FOR THE APPLICATION ARE:

Overview of Application

5. PwC was appointed as the Bridging Receiver pursuant to section 129 of the *Securities Act* (Ontario) by orders of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 30, 2021, May 3, 2021, and May 14, 2021 upon application by the Ontario Securities Commission. Bridging's investors are facing significant losses on their investments in Bridging's investment funds as a result of, among other things, allegations of fraud, mismanagement, self-dealing, and poor lending practices that occurred at the BFI management level prior to the appointment of the Bridging Receiver.

6. Bridging made various loans to MJar and its subsidiaries (collectively, the "**MJar Group**" or the "**Company**"). On March 23, 2022, the Bridging Receiver sought and obtained an Order (the "**Receivership Order**") appointing KSV Restructuring Inc. ("**KSV**") as the receiver and manager of MJar (in such capacity, the "**MJar Receiver**"), excluding the Excluded Assets and Excluded Business.

7. The Bridging Receiver sought the appointment of the MJar Receiver in an effort to minimize the losses that Bridging and its stakeholders will suffer as a result of the loans made by Bridging to the MJar Group. As at the time of the Receivership Order, the MJar Group's indebtedness to Bridging totaled $178,114,147.

8. The MJar Group has incurred significant losses and has been almost entirely dependent upon financing from Bridging to fund operations. Although the Company was granted various temporary default waivers by both Bridging and the Bridging Receiver to afford the MJar Group an opportunity to pursue sale and restructuring alternatives, such efforts were unsuccessful. Ultimately, the Bridging Receiver sought the Receivership Order to bring stability to the Company's business, thereby protecting the interests of Bridging and the other stakeholders, and to allow for a review and consideration of available options to monetize and maximize the value of the MJar Group.

9. Following this review, the Bridging Receiver and the MJar Receiver have determined it is in the best interest of the stakeholders of the MJar Group to commence these CCAA proceedings in respect of the Respondents. The Respondents business represents the core remaining cannabis cultivation and processing activities of the MJar Group. The Bridging Receiver and the MJar Receiver are of the view that the CCAA provides the most appropriate forum to develop and implement an operational restructuring of the Respondents' business and ultimately a restructuring transaction that will preserve and maximize value for the benefit of the Respondents' stakeholders, including Bridging. The flexibility and stability of the CCAA will enable the Respondents, with the assistance of the CRO, to continue to operate their business and work to restructure their operations in an effort to develop a self-sustaining business that will generate greater value for the benefit of stakeholders.

10. Accordingly, the Bridging Receiver brings this application seeking the proposed Initial Order to commence CCAA proceedings in respect of the Respondents.

11. The Bridging Receiver, on behalf of the DIP Lender, has agreed to provide interim financing to fund the Respondents' operations and expenses during the CCAA proceedings.

12. KSV has consented to act as the Monitor in these proceedings, should the Initial Order be granted.

13. Each of the Respondents is a debtor company to which the CCAA applies with liabilities exceeding $5 million.

Other Grounds:

14. The provisions of the CCAA and the statutory, inherent, and equitable jurisdiction of this Honourable Court;

15. Rules 2.03, 3.02, 14.05(2) and 16 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended and sections 106 and 137(2) of the Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

16. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this application:

1. the Page Affidavit and the Exhibits thereto;

2. the KSV Report, to be filed;

3. the consent of KSV to act as Monitor; and

4. such further and other evidence as counsel may advise and this Court may permit.

June 1, 2022

Thornton Grout Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax: (416) 304-1313

Rebecca L. Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca
Tel: (416) 304-0603

Adam Driedger (LSO #77296F)
Email: adriedger@tgf.ca
Tel.: (416) 304-1152

Lawyers for the PricewaterhouseCoopers Inc.

SCHEDULE "A"
ZOOM CONFERENCE DETAILS

SCJvirtual courtroom367 is inviting you to a scheduled Zoom meeting.

Join Zoom Meeting
https://ca01web.zoom.us/j/69351636579?pwd=Um5HUHIycmJOd0FnQXg5QkNmams5UT09

Meeting ID: 693 5163 6579
Passcode: 704858
One tap mobile
+17789072071,,69351636579#,,,,*704858# Canada
+12042727920,,69351636579#,,,,*704858# Canada

Dial by your location
+1 778 907 2071 Canada
+1 204 272 7920 Canada
+1 438 809 7799 Canada
+1 587 328 1099 Canada
+1 613 209 3054 Canada
+1 647 374 4685 Canada
+1 647 558 0588 Canada
855 703 8985 Canada Toll-free
833 955 1088 Canada Toll-free

Meeting ID: 693 5163 6579
Passcode: 704858
Find your local number: https://ca01web.zoom.us/u/gdNWwi6r9J

Join by SIP
69351636579@zmca.us

Join by H.323
69.174.57.160 (Canada Toronto)
65.39.152.160 (Canada Vancouver)
Meeting ID: 693 5163 6579
Passcode: 704858

Schedule "B"
Service List

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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Applicant

- and -

MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Respondents

SERVICE LIST (AS OF MAY 31, 2022)	
THORNTON GROUT FINNIGAN LLP 100 Wellington St. West, Suite 3200 TD West Tower, Toronto-Dominion Centre Toronto, ON M5K 1K7 *Counsel to the Applicant*	**Rebecca Kennedy** Tel : 416.304.0603 Email : rkennedy@tgf.ca **Adam Driedger** Tel : 416.304.1152 Email : adriedger@tgf.ca

PRICEWATERHOUSECOOPERS INC. 18 York Street, Suite 2600 Toronto, ON M5J 0B2 *Applicant, in its capacity as Receiver to Bridging Finance Inc.*	**Michael McTaggart** Tel : 416.687.8924 Email : michael.mctaggart@pwc.com **Graham Page** Tel : 416.687.9054 Email : graham.page@pwc.com **Lindsay Pellett** Tel : 416.687.8775 Email : lindsay.s.pellett@pwc.com
KSV RESTRUCTURING INC. 150 King Street West, Suite 2308 Toronto, ON M5H 1J9 *Proposed Court-appointed Monitor*	**Noah Goldstein** Tel: 416.932.6207 Email: ngoldstein@ksvadvisory.com **Murtaza Tallat** Tel: 416.932.6031 Email: mtallat@ksvadvisory.com **Christian Vit** Tel: 647.848.1350 Email: cvit@ksvadvisory.com
GOODMANS LLP Bay Adelaide Centre – West Tower 333 Bay Street, Suite 3400 Toronto, ON Canada M5H 2S7 *Counsel to the Proposed Court-appointed Monitor*	**Chris Armstrong** Tel: 416.849.6013 Email: carmstrong@goodmans.ca **Andrew Harmes** Tel: 416.849.6923 Email: aharmes@goodmans.ca **Brennan Caldwell** Tel: 416.849.6896 Email: bcaldwell@goodmans.ca
MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION, and HIGHGRADE MMJ CORPORATION PO Box 846 – Toronto Adelaide Retail Toronto, ON M5C 2K1	**Edward Jonasson** Email: Edward.jonasson@mjardin.com

BENNETT JONES LLP First Canadian Place 100 King St W, Suite 3400 Toronto, ON M5X 1A4 *Counsel to the Proposed CRO*	**Sean Zweig** Tel: 416.777.6254 Email: zweigs@bennettjones.com
HOWARDS CAPITAL CORP. 4482 Hayes Road Kelowna, BC V1W 5A7	**Howard Steinberg** Tel: 561.997.4543 Email: howard@howardscapital.com
ALTERNA SAVINGS & CREDIT UNION LIMITED 319 McRae Avenue Ottawa, ON K1Z 0B9	
CHIEF PEGUIS INVESTMENT CORPORATION 200-1075 Portage Avenue Winnipeg, Manitoba R3G 0R8	**Don Wilson** Email: dwilson@cpicorp.ca Tel: 204.223.1014 Fax: 204.942.6576
HARVEST CHEYENNE HOLDINGS LLC 1155 W. Rio Salado Parkway, Suite 201 Tempe, AZ USA 85281	**Michael L. Aguirre** Tel : +1 480.203.5525 Email : maguirre@harvestinc.com **Eric Powers** Email : eric.powers@trulieve.com
DAN MARAZZATO 2261 Keenhill Drive Moffat, Ontario L0P 1J0	Email: dan.marazzato@gmail.com
BERNIE BRAEMER	Tel: 905.765.2299 Email: bbraemer@cogeco.ca
DEPARTMENT OF JUSTICE (CANADA) Ontario Regional Office, Tax Law Section 120 Adelaide Street West, Suite 400 Toronto, ON M5H 1T1	**Diane Winters** Tel: 416.973.3172 Email: diane.winters@justice.gc.ca Fax: 416.973.0810

INSOLVENCY UNIT **ONTARIO MINISTRY OF FINANCE** 6th Floor 33 King Street West, Oshawa, ON Canada L1H 8H5	Email: Insolvency.Unit@ontario.ca **Leslie Crawford** Email: leslie.crawford@ontario.ca Tel: (905) 433-5657
HEALTH CANADA Controlled Substances and Cannabis Branch 150 Tunney's Pasture Driveway Ottawa, ON K1A 0K9	**Licensing and Security Division** Email : licensing-cannabis-licenses@hc-sc.gc.ca **Cassandra Scullion** Email : cassandra.scullion@hc-sc.gc.ca

Email Service List

rkennedy@tgf.ca
adriedger@tgf.ca
lindsay.s.pellett@pwc.com
michael.mctaggart@pwc.com
graham.page@pwc.com
ngoldstein@ksvadvisory.com
mtallat@ksvadvisory.com
cvit@ksvadvisory.com
carmstrong@goodmans.ca
aharmes@goodmans.ca
bcaldwell@goodmans.ca
Edward.jonasson@mjardin.com
dan.marazzato@gmail.com
diane.winters@justice.gc.ca
Insolvency.Unit@ontario.ca;
leslie.crawford@ontario.ca;
licensing-cannabis-licenses@hc-sc.gc.ca
cassandra.scullion@hc-sc.gc.ca
zweigs@bennettjones.com
howard@howardscapital.com
dwilson@cpicorp.ca
maguirre@harvestinc.com
bbraemer@cogeco.ca

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

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Court File No.:_____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto, Ontario

NOTICE OF APPLICATION

Thornton Grout Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax: (416) 304-1313

Rebecca L. Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca
Tel: (416) 304-0603

Adam Driedger (LSO #77296F)
Email: adriedger@tgf.ca
Tel.: (416) 304-1152

Lawyers for PricewaterhouseCoopers Inc.

TAB 2

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

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Respondents

AFFIDAVIT OF GRAHAM PAGE

(sworn June 1, 2022)

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Respondents

AFFIDAVIT OF GRAHAM PAGE

(sworn June 1, 2022)

I, Graham Page, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a Director in the Consulting and Deals practice at PricewaterhouseCoopers Inc. ("**PwC**"), the court-appointed receiver and manager (in such capacity, the "**Bridging Receiver**") of Bridging Finance Inc. ("**BFI**") and certain related entities and investment funds (collectively, "**Bridging**"). As such, I have knowledge of the matters deposed to herein, save where I have obtained information from others or public sources. Where I have obtained information from others or public sources I have stated the source of that information and believe it to be true. The Bridging Receiver does not waive or intend to waive any applicable privilege by any statement herein.

2. This affidavit is sworn in support of an application made by the Bridging Receiver for an initial order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") in respect of MJardin Group, Inc. ("**MJar**"), Growforce Holdings Inc. ("**Growforce**"), 8586985 Canada Corporation ("**858**") and Highgrade MMJ Corporation ("**Highgrade**" and, together with MJar, Growforce and 858, the "**Debtors**").

3. Unless otherwise indicated: (i) monetary references in this affidavit are references to Canadian dollars; and (ii) capitalized terms used that are not otherwise defined in this affidavit have the meaning given to them in my March 22 Affidavit (as defined below).

I. INTRODUCTION

4. By orders of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 30, 2021, May 3, 2021, and May 14, 2021, PwC was appointed as the Bridging Receiver pursuant to section 129 of the *Securities Act* (Ontario) upon application by the Ontario Securities Commission (the "**Commission**") as a result of the Commission's ongoing investigation into Bridging and certain related individuals and entities. As detailed in the Bridging Receiver's

various reports to the Court in such proceedings, Bridging's investors are facing significant losses on their investments in Bridging's investment funds as a result of, among other things, allegations of fraud, mismanagement, self-dealing, and poor lending practices that occurred at the BFI management level prior to the appointment of the Bridging Receiver. As described further below, Bridging made various loans to MJar and its subsidiaries (collectively, the "**MJar Group**" or the "**Company**").

5. On March 23, 2022, the Bridging Receiver sought and obtained an Order (the "**Receivership Order**") appointing KSV Restructuring Inc. ("**KSV**") as the receiver and manager of MJar (in such capacity, the "**MJar Receiver**"), excluding the Excluded Assets and Excluded Business (each as defined below). I swore an affidavit dated March 22, 2022 (the "**March 22 Affidavit**") in support of the application for the Receivership Order (the "**Receivership Application**"), which provides, among other things, detailed background regarding the MJar Group's capital structure and business, Bridging's loans to the Company, and the events leading up to the appointment of KSV as the MJar Receiver. A copy of my March 22 Affidavit, without exhibits, is attached to this affidavit as Exhibit "A".

6. The Bridging Receiver brought the Receivership Application in an effort to minimize the losses that Bridging and its stakeholders will suffer as a result of the loans made by Bridging to the MJar Group. According to Bridging's books and records, as at the time of the Receivership Application, the MJar Group's indebtedness to Bridging totaled $178,114,147. As discussed further in my March 22 Affidavit and below, the MJar Group has incurred significant losses and has been almost entirely dependent upon financing from Bridging to fund operations. Although the Company was granted various temporary default waivers by both Bridging and the Bridging

Receiver to afford the MJar Group an opportunity to pursue sale and restructuring alternatives, such efforts were unsuccessful. Ultimately, the Bridging Receiver sought the Receivership Order to bring stability to the Company's business, thereby protecting the interests of Bridging and the other stakeholders, and to review and consider available options to monetize and maximize the value of the MJar Group.

7. Following this review, the Bridging Receiver and the MJar Receiver have determined to commence these CCAA proceedings in respect of the Debtors, whose business represents the core remaining cannabis cultivation and processing activities of the MJardin Group. The Bridging Receiver and the MJar Receiver are of the view that the CCAA provides the most appropriate forum to develop and implement an operational restructuring of the Debtors' business and ultimately a restructuring transaction that will preserve and maximize value for the benefit of the Debtors' stakeholders, including Bridging. The flexibility and stability of the CCAA will enable the Debtors, with the assistance of the CRO (as defined below), to continue to operate their business and work to restructure their operations in an effort to develop a self-sustaining business that will generate greater value for the benefit of stakeholders.

8. Accordingly, the Bridging Receiver brings this application seeking the proposed Initial Order to commence CCAA proceedings in respect of the Debtors.

II. BACKGROUND

9. As referenced above, my March 22 Affidavit provides detailed background regarding the MJar Group and its capital structure and business based in large part on information contained in the Financial Statements (as defined below), as well as the events leading up to the Receivership

Application. I provide herein a summary overview of certain of those matters relevant to this application, but have not repeated all of the detail contained in my March 22 Affidavit.

A. The Debtors

10. The MJardin Group is in the business of cannabis cultivation and providing cannabis management services in Canada and the United States. A simplified organizational chart provided by the Company to the Bridging Receiver outlining the MJardin Group corporate structure is attached hereto as Exhibit "B". The chart reflects, among other things, MJar as the direct 100% holder of the issued shares of Growforce. Growforce in turn is shown as the direct 100% holder of the issued shares of 858 and the direct holder of 75.51% of the issued shares of Highgrade. The Debtors are further described below:

(a) MJar: MJar is the parent company of the MJar Group and is a corporation incorporated under the laws of the Province of Ontario. MJar's registered office is located at 1 Toronto Street, 801, Toronto, Ontario, which is the address of its head office, although I understand that MJar recently terminated its head office lease. MJar's common shares had traded on the Canadian Securities Exchange since 2018 under the ticker symbol "MJAR", but were delisted by the Canadian Securities Exchange on March 24, 2022. MJar is a guarantor of Growforce's obligations under the Canadian Loan Agreement (as defined below).

(b) Growforce: Growforce is a corporation incorporated under the laws of the Province of Ontario. Growforce is the borrower under the Canadian Loan Agreement (as defined below) and is the direct parent company of Highgrade and 858.

(c) Highgrade and 858: Highgrade and 858 are the two principal Canadian operating entities in the MJar Group. Highgrade and 858 each hold licenses under the *Cannabis Act* (Canada), as amended (the "**Cannabis Act**"), to cultivate, process and sell cannabis products. Highgrade and 858 are both companies incorporated under the laws of Canada. Each of Highgrade and 858 are guarantors of Growforce's obligations under the Canadian Loan Agreement.

11. The corporate chart also references certain other direct and indirect subsidiaries of MJar in both Canada and the United States which are not contemplated to be debtors in these proceedings.

B. Overview of the Company's Business

12. According to MJar's most recent publicly filed management discussion and analysis, filed on November 3, 2021 (the "**MJar MD&A**"), a copy of which is attached to this affidavit as Exhibit "C", the MJar Group has two business segments: (a) cannabis cultivation operations in Canada; and (b) cannabis cultivation management in the United States, although we understand its U.S. operations have since been discontinued.

(i) The Canadian Business

13. The MJar MD&A indicates that the Company's Canadian business consists of four separate operations: (a) WILL Cannabis; (b) Highgrade; (c) AtlantiCann Medical Inc. ("**AMI**"); and (d) Warman.

14. WILL Cannabis is the operating name under which 858 carries on business. As referenced above, 858 is one of the two MJar Group entities which holds a Health Canada license authorizing

858 to cultivate, process and sell cannabis. 858 primarily operates out of a leased cannabis production facility located in Brampton, Ontario (the "**Brampton Facility**"). According to the MJar MD&A, the Brampton Facility is a 32,800 square-foot facility that has 12 licensed grow rooms, and has capacity to produce 3,000 kilograms of dried flower per year.

15. Highgrade owns a cannabis production facility in Dunnville, Ontario from which it carries out most of its operations (the "**Dunnville Facility**"). According to the MJar MD&A, the Dunnville Facility is a 11,000 square-foot facility that has the capacity to produce 1,200 kilograms of premium flower per year. Cannabis produced at the Dunnville facility is packaged and shipped to the Brampton Facility for testing and processing.

16. According to the MJar MD&A, the MJar Group holds 39% of the shares of Growforce AC Holdings Inc. ("**Growforce AC**"), which in turn holds 100% of the shares of AMI. According to the MJar MD&A, AMI operates a 68,000 square-foot indoor cannabis cultivation facility in Nova Scotia. The MJar MD&A states that the Company does not participate in management of AMI. Neither AMI nor Growforce AC are contemplated to be debtors in these proceedings.

17. Warman refers to a 120,000 square-foot building in Winnipeg, Manitoba (the "**Warman Facility**"), which the MJar MD&A says was acquired by the Company in April 2018 and used primarily as a research and development centre. I understand that the Company's interest in the Warman Facility is held through 13295389 Canada Corporation ("**1329**"), which is a wholly-owned subsidiary of Growforce. 1329 sold its interest in the Warman Facility in a transaction that closed on April 29, 2022. 1329 is not contemplated to be a debtor in these proceedings.

(ii) The U.S. Business

18. According to the MJar MD&A and the books and records available to Bridging, the Company's U.S. business (which is no longer operational) previously consisted of providing cultivation management services. The Bridging Receiver understands that the Company has transitioned away from providing cultivation management services to focus on the MJar Group's own cultivation operations in Canada. The Bridging Receiver has been working directly with the Company's U.S. representatives and U.S. stakeholders in an effort to monetize the Company's remaining U.S. assets. At this stage, no relief is being sought in relation to the Company's U.S. business or assets. The MJar Group's key remaining asset in the U.S. is Buddy Boy Brands, LLC ("**BBBL**"), which holds unsecured promissory notes in an aggregate principal amount of approximately $16.2 million, evidencing amounts advanced by BBBL to 3B Ventures LLC and TwoG Ventures LLC (d/b/a Buddy Boy Brands) (together, "**BBB**"). The BBB business is currently being marketed for sale, and the Bridging Receiver and the MJar Receiver are working cooperatively with BBB in respect of such sale efforts.

C. Secured Debt Obligations

(i) The Canadian Loan

19. Growforce is the borrower under a letter loan agreement dated as of April 23, 2018 (as further amended, restated, supplemented, or otherwise modified from time to time, collectively, the "**Canadian Loan Agreement**") among Growforce, as borrower, BFI, as agent (in such capacity, the "**Agent**"), the Bridging investment funds from time to time acting as lenders (the "**Lenders**"), and each of MJar, Highgrade, and 858 as obligors, pursuant to which the Lenders

made available to Growforce a revolving demand loan in the original principal amount of $59,060,232 (the "**Canadian Loan**"). A copy of the Canadian Loan Agreement (including each amendment thereto) is attached to this affidavit as Exhibit "D".

20. According to the books and records of Bridging, at the time of the Receivership Application, the total amount owing by Growforce under the Canadian Loan Agreement was $134,587,534. All of the obligations under the Canadian Loan are secured by a security interest in substantially all of the present and after-acquired property of Growforce and each of MJar, Highgrade, and 858 pursuant to separate general security agreements. In addition, each of the U.S. Borrowers (as defined below) guaranteed the obligations of the Debtors under the Canadian Loan pursuant to a guarantee agreement dated April 29, 2020.

(ii) *The U.S. Loan Agreement*

21. Pursuant to a loan agreement dated December 29, 2017 (as amended restated, supplemented, or otherwise modified from time to time, the "**U.S. Loan Agreement**" and together with the Canadian Loan Agreement, the "**Loan Agreements**") among the Agent, the Lenders, and MJar Holdings Corp. and certain related entities as borrowers (the "**U.S. Borrowers**"), the Lenders made available to the U.S. Borrowers certain demand loans in the aggregate principal amount of $32,300,000 (the "**U.S. Loans**" and together with the Canadian Loan, the "**Loans**"). A copy of the U.S. Loan Agreement (including each amendment thereto) is attached to this affidavit as Exhibit "E".

22. According to the books and records of Bridging, at the time of the Receivership Application, the total amount owing by the U.S. Borrowers under the U.S. Loan Agreement was $43,526,613.

23. Each of the Debtors has guaranteed the indebtedness and obligations of the U.S. Borrowers to the Lenders under the U.S. Loans pursuant to a guarantee agreement dated April 29, 2020. Accordingly, the Debtors are also obligated in respect of the U.S. Loans. The Debtor's obligations under their cross-guarantee of the U.S. Loans are also secured by the security granted by the Debtors in respect of the Canadian Loan.

24. As at the time of the Receivership Application, the total aggregate indebtedness of the Company under the Loans was $178,114,147. This includes principal advances of approximately $150,000,000 together with accrued interest, fees, and other costs.

(iii) *The MJar Receiver's Certificate*

25. Paragraph 29 of the Receivership Order authorizes the MJar Receiver to borrow such monies from time to time as the MJar Receiver may consider necessary or desirable (the "**MJar Receiver's Borrowings**"), up to $3 million (or such greater amount as the Court may further order), for the purpose of funding the exercise of powers and duties granted by the Receivership Order. Pursuant to the Receivership Order, a fixed and specific charge was granted over the Property and Subsidiary Property (each as defined in the Receivership Order) as security for payment of the MJar Receiver's Borrowings, together with interest thereon (the "**MJar Receiver's Borrowings Charge**").

26. As of the date of this affidavit, the Bridging Receiver has advanced an aggregate of approximately $2.54 million to the MJar Receiver as MJar Receiver's Borrowings, comprised of:

(a) $1,428,266 advanced on April 14, 2022;

(b) $720,000 advanced on May 2, 2022; and

(c) $400,000 advanced on May 16, 2022.

27. Copies of the certificates issued by the MJar Receiver to evidence the MJar Receiver's Borrowings are attached to this affidavit as Exhibits "F", "G" and "H".

(iv) *Other Secured Indebtedness*

28. It is my understanding that the Debtors do not have any other material secured obligations other than obligations with respect to the Loan Agreements. I am advised by Thornton Grout Finnigan LLP ("**TGF**"), counsel to the Bridging Receiver, that as of March 29, 2022, there are two registrations against MJar and one against Growforce under the *Personal Property Security Act* (Ontario) (the "**PPSA**") in addition to the registrations made on behalf of the Agent in respect of the Loan Agreements. The two PPSA registrations against MJar other than that in favour of the Agent are in respect of all of MJar's present and after-acquired personal property, but are registered after the Agent's registration. The PPSA registration against Growforce other than those in favour of the Agent is also subsequent to the Agent's registrations and appears to relate to a deposit account that serves as cash collateral for the Credit Cards (as defined below).

29. I am also advised by TGF that title searches in respect of the Dunnville Facility indicate registration of a charge made prior in time to the registration of the charges in favour of the Agent,

but that such charge was subordinated to the Agent's charges pursuant to a subordination, postponement and standstill agreement dated March 1, 2018.

30. Based on the above, to the knowledge of the Bridging Receiver, the Lenders are the only material secured creditors of the Debtors and are far and away the largest economic stakeholders of the MJar Group.

D. Other Indebtedness

31. It is my understanding, based on information from TGF, that Highgrade and 858, as licensed cannabis producers, are required to pay a federal excise duty under the *Excise Act, 2002* (Canada) when the cannabis products they package are delivered to a purchaser. This excise duty payable is in addition to any HST payable.

32. As referenced in my March 22 Affidavit, the Bridging Receiver understands that the Company has arrears on excise taxes and HST, which, according to the Company's management, totaled approximately $681,000 and $290,000, respectively, as at the time of my March 22 Affidavit.

E. Other Information

(i) *Employees*

33. As of the Receivership Application, the Company had a total of 79 employees, who are primarily located in Ontario.

(ii) *Financial Statements*

34. Attached as Exhibits "I" and "J", respectively, are the Company's unaudited consolidated financial statements for the three and nine months ended September 30, 2021, and its audited consolidated financial statements for the year ended December 31, 2020 (together, the "**Financial Statements**").

35. According to the Financial Statements, as at September 30, 2021, the date of the most recent Financial Statements, the Company had (all amounts approximate):

(a) total assets with a book value of $85.9 million; and

(b) total liabilities of $208.2 million; and

(c) total shareholders' deficiency of $122.2 million.

(iii) *Cash Management System*

36. The Debtors have a total of four bank accounts with Alterna Savings and Credit Union Ltd. ("**Alterna**"), one in the name of each Debtor. As at the commencement of the receivership proceedings, the MJar Receiver advised Alterna to restrict the MJar bank account to the processing of deposits only, which restriction will be removed upon the termination of the receivership proceedings. In addition to holding the bank accounts at Alterna, the Debtors use Cambridge Mercantile Corp. for certain payments to vendors located in the U.S.

37. The Debtors have provided Alterna corporate credit cards (the "**Credit Cards**") to two employees for business expenses incurred on behalf of the Debtors, including paying third party

vendors. The maximum combined credit limit of the Credit Cards is $20,000. As of the date of this affidavit, approximately $5,950 was accrued and unpaid under the Credit Cards.

38. The proposed Initial Order provides that the Debtors shall be entitled to continue to use the Credit Cards and shall make full repayments of all amounts outstanding thereunder, including with respect to any pre-filing charges. The Bridging Receiver is of the view that this is reasonably necessary for the continuation of the Debtors' business in the ordinary course.

III. EVENTS LEADING UP TO THE RECEIVERSHIP APPLICATION

39. As explained in my March 22 Affidavit, according to the books and records of Bridging and the Financial Statements, the Company has not been profitable since MJar was publicly listed in 2018 and has relied almost entirely upon financing from Bridging to fund ongoing operations.

40. As a result of poor financial performance, as at April 21, 2021, the Company was in default (or was expected to be in default forthwith) of its obligations under the Loan Agreements as a result of the failure and/or inability to comply with certain provisions of the Loan Agreements, including the inability to repay the indebtedness under the Loan Agreements upon the upcoming April 23, 2021 maturity, the failure and ongoing inability to make interest payments owing and coming due under the Loan Agreements, and the failure and ongoing inability to comply with key financial covenants of the Loan Agreements (the "**Provisions**"). To provide the Company with an opportunity to pursue strategic sale and/or restructuring alternatives, the Agent and the Lenders agreed to amend the Loan Agreements to temporarily waive the Provisions until May 1, 2022. After the appointment of PwC as the Bridging Receiver on April 30, 2021, the waiver was extended on May 28, 2021 pursuant to two separate agreements until the earlier of (i) November 30, 2022, and (ii) the occurrence of an event of default under either Loan Agreement other than a default

under the Provisions. The extension of the temporary waiver of the Provisions was intended to allow the MJar Group to advance restructuring efforts with the support of the Bridging Receiver.

41. In connection with the Company's restructuring efforts, an advisory firm was retained to serve as chief restructuring officer of MJar (in such capacity, the "**Previous CRO**") and as strategic advisor to the special committee of MJar's board of directors.

42. As described in my March 22 Affidavit, MJar's restructuring efforts were largely unsuccessful. The Previous CRO carried out a sale and investment solicitation process over the course of approximately six months regarding Company's Canadian business and/or assets, which did not result in any binding transaction. A similar sale and investment solicitation process was undertaken by the Previous CRO with respect to the Company's U.S. assets, primarily comprised of: (A) three promissory notes held by MJar with an aggregate principal amount of US$16.2 million plus accrued interest, fees, and other costs payable upon the earlier of (i) demand, and (ii) January 17, 2023; and (B) two real estate assets located in Colorado (the "**Colorado Real Estate Assets**"). The U.S. sale efforts were partially successful as the Colorado Real Estate Assets were sold in transactions that closed on March 10, 2022 and April 4, 2022.

43. As discussed in my March 22 Affidavit, as the sale and investment solicitation process unfolded, the relationship between the Bridging Receiver and the Previous CRO began to break down. Given the failed restructuring efforts, the ongoing inability of the Company to achieve profitability and its accrual of significant amounts of HST and excise tax arrears, and the breakdown in the relationship between the Bridging Receiver and the Previous CRO, the Bridging Receiver came to the view that the *status quo* put the interests of the Lenders and their stakeholders at risk, and sought the appointment of the MJar Receiver.

44. On March 23, 2022, the Court granted the Receivership Order, a copy of which is attached to this affidavit as Exhibit "K". Of note, in order to preserve the value of the cannabis licenses held by Highgrade and 858, the Receivership Order only appointed the MJar Receiver as receiver and manager of the property, assets and undertaking of MJar other than any assets, properties, or undertakings of MJar or any of its direct or indirect subsidiaries (the "**Excluded Assets**") or any business of MJar or any of its direct or indirect subsidiaries (the "**Excluded Business**") for which any permit or license is issued or required in accordance with cannabis related legislation in Canada or the United States, as further set out in the Receivership Order and described in my March 22 Affidavit. Accordingly, since the appointment of the MJar Receiver, the business operations of the Debtors have continued in the normal course under the supervision of the Debtors' management team, including various individuals who hold requisite security clearances under the Cannabis Act and the corresponding regulations. The Receivership Order also authorized the MJar Receiver undertake any investigations deemed appropriate by the MJar Receiver with respect to the Company's business and property, including with respect to the business and property of MJar's direct and indirect subsidiaries.

45. Upon its appointment, in accordance with paragraph 35 of the Receivership Order, the MJar Receiver caused a press release to be issued announcing its appointment and delivered written notice to the Canadian Securities Exchange and the Ontario Securities Commission advising of the commencement of the receivership proceedings. A copy of the MJar Receiver's press release is attached to this affidavit as Exhibit "L". Shortly following the granting of the Receivership Order, MJar's board of directors resigned. At this time, MJar has no directors and one officer.

IV. UPDATE ON MATTERS SINCE THE RECEIVERSHIP APPLICATION

46. Following the issuance of the Receivership Order, the MJar Receiver, in consultation with the Bridging Receiver, commenced efforts to assess MJar's business and financial situation and consider various options and alternatives available to maximize value. This review included, among other things, attending an in-person tour of the Brampton Facility and meeting with senior management, and obtaining and reviewing financial and other information relating to the Company's operations, cash flow forecast and current financial situation. I understand that the activities of the MJar Receiver since its appointment will be further described in KSV's combined First Report to the Court as the MJar Receiver and its Pre-Filing Report to the Court as the proposed Monitor (as defined below) (the "**KSV Report**").

47. As part of the MJar Receiver's review, the MJar Receiver negotiated and entered into a services agreement with Howards Capital Corp. ("**HCC**") setting out the terms on which HCC, through its principal, Howard Steinberg, would conduct a review of MJar's cannabis-related business and assets, as well as the market conditions and opportunities available to MJar, in order to assess the viability of MJar's business as a going concern and report to the MJar Receiver and the Bridging Receiver regarding its findings. As discussed below, Mr. Steinberg has extensive experience and expertise in the cannabis industry, including having previously served (through another company he controls) as chief restructuring officer of James E. Wagner Cultivation Corporation in its recent CCAA proceedings. The goal of this consulting engagement was to help the Bridging Receiver and the MJar Receiver make an informed determination as to an appropriate path forward for the Company, including to determine whether an operational restructuring might be available in order to maximize value as compared to a liquidation.

48. Based on this review, the Bridging Receiver, in consultation with the MJar Receiver, believes the best available option to maximize the value of the MJar Group's business and assets is to pursue certain operational restructuring initiatives in respect of the Debtors, whose business represents the core remaining cannabis cultivation and processing activities of the MJardin Group, under the purview of CCAA protection. The key features of the operational restructuring are expected to include: (i) a change of focus of the Debtors' business from supplying cannabis to the consumer market to supplying cannabis to the wholesale market; and (ii) a review of the Debtors' contractual obligations and other ongoing liabilities to rationalize their cost base. To this end, the Bridging Receiver and the MJar Receiver have negotiated a further agreement with HCC for HCC to serve, subject to Court approval, as chief restructuring officer of the Debtors in these proceedings (in such capacity, the "**CRO**"). The Bridging Receiver is of the view that the Debtors, under the direction of the CRO and with the benefit of the protections and rights afforded by the CCAA process, can implement these operational restructuring initiatives that will have the effect of improving their long-term financial prospects, thereby preserving and maximizing value for the benefit of the Debtors and their various stakeholders, including Bridging. While the operational restructuring unfolds, the Bridging Receiver expects to engage in discussions with the CRO, the Monitor and other stakeholders regarding an ultimate restructuring transaction that would see the Debtors (or their business) emerge from these proceedings with a rationalized capital structure and on otherwise solid financial footing. Accordingly, the Bridging Receiver and the MJar Receiver are seeking the issuance of the Initial Order to commence CCAA proceedings in respect of the Debtors.

49. I am advised that KSV, in its capacity as the MJar Receiver, supports the filing of this application and the commencement of these proceedings, and also consents to its appointment as

Monitor in these proposed CCAA proceedings, as discussed further below. I understand the MJar Receiver will seek an order (the "**Discharge Order**"), among other things, discharging the MJar Receiver effective upon the issuance by the MJar Receiver of a certificate following the granting of the Initial Order.

V. CCAA PROCEEDINGS AND RELIEF SOUGHT

A. The Debtors are Insolvent

50. As described above and in further detail in my March 22 Affidavit, the Company (including the Debtors) are in default of their obligations under the Loan Agreements as a result of various defaults. Such defaults permitted the Bridging Receiver to demand immediate repayment from the Debtors (among others) of the entire amount owing under the Loan Agreements. The Bridging Receiver made such a demand to MJar pursuant to the demand letter delivered on March 10, 2022. As at the time of the Receivership Application, a total of $178,114,147 was due and owing under the Loan Agreements.

51. According to the books and records of the Company that have been made available to the MJar Receiver in accordance with the Receivership Order, the Debtors are unable to satisfy in full the obligations under the Loan Agreements. The Debtors are therefore insolvent.

B. Relief Sought

(i) *Stay of Proceedings Under the CCAA*

52. The proposed Initial Order provides for the granting of a stay of proceedings up to and including a comeback hearing date to be determined by the Court (the "**Comeback Hearing**") at the hearing for the Initial Order.

53. The Debtors require a stay of proceedings in order to preserve the *status quo* and to provide the time needed to pursue and implement their operational restructuring initiatives and thereafter consider and determine a restructuring path. Without the benefit afforded by a CCAA stay of proceedings, the Debtors would be unable to take the necessary measures to implement their operational restructuring without the possibility of adverse impacts on their business and operations. For instance, without the benefit of a stay of proceedings and the other relief sought under the CCAA, suppliers or service providers could cease supplying or providing services to the Debtors or tighten payment terms in a manner that negatively impacts the Debtors' financial circumstances while they seek to advance operational restructuring efforts. In addition, contract counterparties could terminate agreements that are critical to the operation of the Debtors' business.

(ii) *Funding During the CCAA Proceedings*

54. I understand that the Debtors have approximately $334,000 of cash on hand, which excludes amounts held by the MJar Receiver in accordance with the Receivership Order that I understand will be made available to the Debtors if the Initial Order is granted. I understand that KSV, in its capacities as the MJar Receiver and as the proposed Monitor in these proceedings, has

worked with the Debtors to prepare a 13-week cash flow forecast as required by the CCAA, which I understand will be attached as an appendix to the KSV Report (the "**Cash Flow Forecast**").

55. As indicated in the Cash Flow Forecast, it is expected the Debtors will require access to additional funding in order to operate their business while they pursue their operational and restructuring initiatives. The Debtors' principal use of cash during these CCAA proceedings will consist of costs associated with the ongoing operation of their business, including, among other things, employee compensation, supplier payments, lease payments and general administrative expenses. In addition to these normal course operating expenditures, the Debtors will also incur professional fees and disbursements in connection with these CCAA proceedings.

56. Given the Debtors' current financial situation, interim financing is required in order to provide stability for the Debtors and fund operations while they pursue their operational restructuring and restructuring initiatives. Subject to certain terms and conditions, including the granting of the proposed Initial Order, the Bridging Receiver, on behalf of BFI as agent for an affiliate to be named (the "**DIP Lender**") has agreed to provide up to the maximum principal amount of $2 million (the "**DIP Financing**") to fund the Debtors' operations and expenses during the CCAA proceedings, on the terms set out in the DIP financing term sheet (the "**DIP Term Sheet**") attached hereto as Exhibit "M". While the Bridging Receiver, on behalf of the Lenders, has been funding the MJar Group outside of a comprehensive restructuring process to date, it is neither prepared nor required to continue to advance the funding necessary to undertake the operational restructuring of the Debtors' business without the security of a Court-approved DIP charge and the Debtors' having the benefit of CCAA protection.

57. The material terms of the DIP Term Sheet are summarized in the below table. Capitalized terms used in the below table that are not otherwise defined herein have the meaning given to such terms in the DIP Term Sheet.

Summary of Certain Key Terms of the DIP Financing	
Loan Amount	$2,000,000
Interest	10% per annum
Fees	$50,00 loan fee
Use of Funds	To support the Debtors' working capital requirements and the restructuring expenses during the CCAA proceedings
Term	100 days following the date of the initial advance, subject to earlier maturity in certain circumstances
Certain Key Conditions Precedent	The issuance of an order granting the DIP Lender's Charge (as defined below) in a form and substance satisfactory to the DIP Lender
Certain Key Events of Default	Failure to immediately pay when due any interest or principal amount and the failure to otherwise comply with the terms and conditions of the DIP Term Sheet; the occurrence of a Material Adverse Change (as defined in the DIP Term Sheet)
Security and DIP Lender's Charge	Super-priority charge over all of the Property
Priority of the DIP Lender's Charge	It is proposed that the DIP Lender's Charge will rank fourth, behind the MJar Receiver's Charge, the Administration Charge (each as defined below), and the MJar Receiver's Borrowing Charge

58. The DIP Term Sheet provides for a super-priority court-ordered charge (the "**DIP Lender's Charge**") over the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**") to secure the obligations outstanding from time to time in connection with the DIP Financing. The DIP Lender's Charge will not secure any obligation that existed prior to the date of the Initial Order. The proposed Initial Order provides for a DIP Lender's Charge in an aggregate amount of $250,000 (plus accrued and unpaid interest, fees and reimbursable expenses), which

would be increased by the ARIO to a total amount of $2 million (plus accrued and unpaid interest, fees and reimbursable expenses).

(iii) *Approval of the Engagement of the CRO*

59. In order to assist with the Debtors' operational and other restructuring efforts, it is expected that the appointment of HCC as CRO will be sought at the Comeback Hearing as part of a request for an amended and restated initial order (the "**ARIO**"). As referenced above, the CRO has extensive experience and expertise in the cannabis industry. I understand that Mr. Steinberg, the CRO's principal, has extensive experience as a senior executive, including various mandates in the cannabis space. In particular, the CRO recently served as the chief restructuring officer of James E. Wagner Cultivation Corporation in its recent CCAA proceedings. Attached to this affidavit as Exhibit "N" is a copy of Mr. Steinberg's *curriculum vitae*.

60. The MJar Receiver, on behalf of MJar, and the Bridging Receiver have negotiated an engagement letter with HCC (the "**CRO Engagement Letter**"), a redacted copy of which is attached to this affidavit as Exhibit "O". An unredacted copy of the CRO Engagement Letter is also to be included as a confidential appendix to the KSV Report. The CRO Engagement Letter sets forth the terms of HCC's appointment as CRO of the Debtors, including the CRO's duties, responsibilities and compensation, all of which are subject to Court approval. Mr. Steinberg will be the primary person providing the services for HCC under the CRO Engagement Letter, with the assistance of other consultants and/or advisors retained by HCC (the "**Consultants**").

61. The CRO, if appointed, will, among other things: (i) oversee the management of the assets and facilities of the Debtors with a view to improving operations and profitability; (ii) develop

strategic alternatives for the Debtors for consideration by MJar, the Bridging Receiver and the Monitor, and implement such strategic alternatives to the extent approved; (iii) communicate with the Bridging Receiver and other creditors and stakeholders regarding the Debtors and the CCAA proceedings, as well as the Monitor; (iv) consult with the Monitor and the Bridging Receiver in connection with the operational restructuring; (v) assist with the preparation of all filings, applications or similar materials that may be necessary or desirable in connection with the CCAA proceedings; and (iv) if so requested by the Bridging Receiver, subject to HCC being satisfied in its sole discretion with the directors' and officers' insurance and/or indemnities in place at the time, have Mr. Steinberg serve as a director of one or more of the Debtors.

62. The CRO Engagement Letter contemplates a monthly work fee payable to HCC, together with the reimbursement of HCC's reasonable expenses, including the fees and expenses of the Consultants. Collectively, such fees and expenses are expected to be in the range of approximately $150,000 per month.

63. The CRO Engagement Letter also contemplates the CRO receiving Additional Consideration (as defined therein), subject to the terms described in the CRO Engagement Letter. The Additional Consideration is payable in the event of a Third-Party Sale (as defined in the CRO Engagement Letter), and results in payment from MJar in an amount equal to (i) 5% of the Net Proceeds (as defined in the CRO Engagement Letter) if the Net Proceeds are equal to or below a certain prescribed threshold, or (ii) if the Net Proceeds are greater than the prescribed threshold, 5% of the Net Proceeds received up to that threshold plus 15% of the Net Proceeds received in excess thereof. The CRO Engagement Letter also provides that if there is no Third-Party Sale, upon MJar emerging from these CCAA proceedings (or such other entity that may emerge from

these proceedings as the principal entity of the reorganized Debtors (such entity, "**Reorganized MJar**")), the Bridging Receiver shall cause Reorganized MJar to enter into an agreement with HCC for Mr. Steinberg to act as the Chief Executive Officer of Reorganized MJar.

64. The ARIO, a draft copy of which I understand will be included in the Application Record for the issuance of the Initial Order, contemplates that certain protections will be extended to the CRO, including an indemnity and declaration that none of the CRO, Mr. Steinberg, the Consultants, or any other person providing services under the CRO Engagement Letter will incur any liability or obligation as a result of the provision of such services, except as may result from the gross negligence or wilful misconduct of such person. The CRO, Mr. Steinberg, and the Consultants shall also enjoy the benefit of any stay of proceedings granted in these proceedings.

65. The proposed ARIO provides that the CRO shall have the benefit of the Administration Charge (as defined below) up to a maximum amount of $160,000, provided that the Administration Charge shall not secure the obligation to pay the Additional Consideration as the Additional Consideration will be secured by the CRO Additional Consideration Charge (as defined and described below), with the priority described below.

(iv) *Proposed Monitor*

66. The Bridging Receiver seeks the appointment of KSV as the monitor of the Debtors (the "**Monitor**") in these proceedings. KSV has consented to act as the Monitor in the within proceedings, subject to Court approval. I understand a copy of the Consent to Act as Monitor provided by KSV will be included in the Application Record.

67. KSV became involved with the Company in March 2022 in advance of its appointment as the MJar Receiver. Since then, KSV has undertaken various efforts to review the MJar Group's financial and operational circumstances, which I understand will be described in greater detail in the KSV Report.

68. KSV is a trustee within the meaning of Section 2 of the *Bankruptcy and Insolvency Act* (Canada), as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in Section 11.7(2) of the CCAA. Of note, the Receivership Order provides that KSV is authorized to cause MJar to file a CCAA application and is further authorized and empowered to act as court-appointed monitor of MJar and any of its subsidiaries in any such CCAA proceeding.

69. The professionals at KSV who will have carriage of this matter have acquired knowledge of the Debtors, their business and financial circumstances, as well as the restructuring efforts to date of the MJar Group. I believe that KSV is in a position to assist the Debtors with their operational and other restructuring efforts in these CCAA proceedings.

70. Given that all of the members of MJar's board of directors resigned shortly after the issuance of the Receivership Order, the proposed Initial Order expressly empowers the Monitor to, among other things, apply to the Court for any orders necessary or advisable in connection with these CCAA proceedings and the Debtors' restructuring efforts.

(v) Administration Charge

71. It is contemplated that a Court-ordered charge over the Property would be granted in favour of the Monitor, counsel to the Monitor, and the CRO (in the latter case, as described above, up to

a maximum amount of $160,000 and not in respect of the obligation to pay any Additional Consideration) to secure the payment of their respective professional fees and disbursements, whether incurred prior to, on or after the date of the Initial Order (the "**Administration Charge**"). The proposed Administration Charge as approved by the Initial Order is an aggregate amount of $100,000. It is proposed that the Administration Charge would be increased to a total amount of $300,000 as part of the ARIO.

72. All of the beneficiaries of the Administration Charge have contributed and/or will contribute to the Debtors' restructuring efforts.

(vi) *Directors' Charge*

73. It is my understanding, based on information from TGF, that in certain circumstances, directors and officers may be held personally liable for certain corporate obligations, including in connection with salary, wages, payroll remittances, vacation pay, harmonized sales taxes, workers compensation remittances, and certain other corporate obligations.

74. The MJar Group maintains directors and officers insurance policies (collectively, the "**D&O Policy**"). The D&O Policy insures the Debtors' directors and officers for certain claims that may arise against them in their capacity as directors and/or officers of the Debtors. However, the D&O Policy contains exclusions and limitations to the coverage provided. Further, there is the potential for coverage limits to be exhausted and for there to be insufficient coverage. In addition, the D&O Policy is financed, and could be subject to termination or exercise of other remedies if payments are not made as and when required under the related financing agreement.

75. The Bridging Receiver understands that the Debtors require the active and committed involvement of their directors and officers (as applicable) during the CCAA proceedings as they seek to pursue their operational and other restructuring initiatives.

76. Accordingly, the proposed Initial Order provides for a Court-ordered charge in the amount of $355,000 over the Property (the "**Directors' Charge**") to secure the indemnity provided to the Debtors' directors and officers and the CRO in the Initial Order in respect of liabilities they may incur during the CCAA proceedings in their capacities as such. The amount of the Directors' Charge has been calculated by the Bridging Receiver and the MJar Receiver based on the estimated potential exposure of the directors and officers and the CRO. The proposed Directors' Charge would apply only to the extent that the directors, officers and CRO do not have coverage under the D&O Policy. It is proposed that the Directors' Charge would be increased to a total amount of $785,000 as part of the ARIO.

(vii) *CRO Additional Consideration Charge*

77. The CRO, if appointed, will play a crucial role in the Debtors' operational restructuring and ultimately will increase the likelihood of a going-concern solution that maximizes the value of the Debtors and their business for the benefit of stakeholders. As noted above, the CRO Engagement Letter includes an agreement by MJar to pay Additional Consideration. I understand from discussions with the MJar Receiver that the Additional Consideration is a key incentive for HCC and Mr. Steinberg to devote time and resources to the Debtors' restructuring efforts.

78. Accordingly, the proposed ARIO provides for a Court-ordered charge on the Property, as security for the Additional Consideration payable by MJar to the CRO pursuant to the CRO

Engagement Letter only in the event of a Third-Party Sale (the "**CRO Additional Consideration Charge**").

(viii) *MJar Receiver's Charge and MJar Receiver's Borrowings Charge*

79. The proposed Discharge Order provides that the MJar Receiver's Borrowing Charge and the charge granted by paragraph 26 of the Receivership Order as security for the MJar's Receiver's and its counsel's fees and disbursements (the "**MJar Receiver's Charge**") will continue in full force and effect following termination of the receivership proceedings and the discharge of the MJar Receiver, with the priority as set forth in the proposed Initial Order.

(ix) *Payments During the CCAA Proceedings*

80. The proposed Initial Order authorizes the Debtors to pay certain expenses, whether incurred prior to, on, or after the date of the proposed Initial Order, in respect of:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any assistants retained or employed by the Debtors in respect of the CCAA proceedings at their standard rates and charges;

(c) any taxes, duties or other payments required under the Controlled Substances Legislation (as defined in the Initial Order); and

(d) with the consent of the Monitor and the Bridging Receiver, amounts owing for goods or services supplied to the Debtors prior to the Initial Order if, in the opinion of the Debtors, such payment is necessary or desirable to avoid disruption to the operations of their business or the Debtors during the CCAA proceedings.

81. The proposed Initial Order also seeks authority for the Debtors to pay all reasonable expenses incurred in carrying on their business in the ordinary course after the date of the Initial Order, including expenses and capital expenditures reasonably necessary for the preservation of their business and payment for goods and services supplied to the Debtors during the CCAA proceedings.

82. The authority to make the foregoing payments is necessary for the continued preservation of the Debtors' business and assets during the CCAA proceedings, as well as to advance the restructuring initiatives described herein. The Bridging Receiver understands that the Debtors require the commitment and support of their employees and key suppliers and service providers while they attempt to address their current circumstances and implement an operational restructuring.

83. In light of the foregoing, the payment of certain pre-filing amounts to certain suppliers may be necessary to ensure an uninterrupted supply during the CCAA proceedings and the maintenance of existing trade terms. The proposed Initial Order requires the Debtors to obtain the consent of the Monitor before making any such payment.

(x) *Priority of Proposed Charges and MJar Receiver's Charge and MJar Receiver's Borrowings Charge*

84. It is contemplated that the priorities of the MJar Receiver's Charge, the MJar Receiver's Borrowings Charge, and the various charges over the Property proposed to be granted pursuant to the Initial Order and the ARIO (collectively, the "**Charges**"), as among them, will be as follows:

(a) First – the MJar Receiver's Charge;

(b) Second – the Administration Charge (to the maximum amount of $100,000 in the Initial Order, and $300,000 in the ARIO);

(c) Third – the MJar Receiver's Borrowing Charge (to the maximum amount of $2,548,266.24, plus accrued and unpaid interest, fees and reimbursable expenses);

(d) Fourth – the DIP Lender's Charge (to the maximum amount of $250,000 in the Initial Order, and $2 million in the ARIO, in each case plus accrued and unpaid interest, fees and reimbursable expenses);

(e) Fifth – the Directors' Charge (to the maximum amount of $355,000 in the Initial Order, and $785,000 in the ARIO); and

(f) Sixth – the CRO Additional Consideration Charge (to be granted by the ARIO).

85. Pursuant to the proposed Initial Order, the Charges are to rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise in favour of any person, save and except for those secured creditors which did not receive notice of the application for this Order. The proposed Initial Order authorizes the Debtors

to seek an Order granting priority of the Charges ahead of those secured creditors (if any) at the Comeback Hearing or at any subsequent motion in these proceedings.

86. As referenced above, the proposed ARIO, in addition to increasing certain of the Charges in the above-referenced amounts, provides for the granting of the CRO Additional Consideration Charge. It is proposed that the CRO Additional Consideration Charge, as amongst the Charges, will rank sixth, behind the Directors' Charge.

87. The Bridging Receiver believes that the amounts of the Charges are fair and reasonable in the circumstances.

VI. CONCLUSION

88. The Bridging Receiver, in consultation with the MJar Receiver, believes that the best path available to maximize the value of the Debtors' business and assets is to undertake an operational restructuring under the guidance of the CRO and with the benefit of CCAA protection, while also working to develop a comprehensive restructuring transaction that will see the Debtors emerge from these proceedings with a rationalized capital structure. Accordingly, the Bridging Receiver, in consultation with the MJar Receiver, brings this application seeking the Initial Order.

SWORN before me over videoconference by Graham Page stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto in the Province of Ontario, on June 1, 2022, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely

A Commissioner for taking affidavits

Adam Driedger (LSO# 77296F)

GRAHAM PAGE

This is Exhibit "A" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

A Commissioner for taking affidavits

ADAM DRIEDGER

Court File No. CV-22_____-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

B E T W E E N:

PRICEWATERHOUSECOOPERS INC.
(solely in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds)

Applicant

- and -

MJARDIN GROUP, INC.

Respondent

AFFIDAVIT OF GRAHAM PAGE
(Sworn March 22, 2022)

I, Graham Page of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

I. INTRODUCTION

1. I am a Director in the Consulting and Deals practice at PricewaterhouseCoopers Inc. ("**PwC**"), the court-appointed receiver and manager (in such capacity, the "**Bridging Receiver**") of Bridging Finance Inc. ("**BFI**") and certain related entities and investment funds (collectively, "**Bridging**"). As such, I have knowledge of the matters deposed to herein, save where I have obtained information from others. Where I have obtained information from others, I have stated the source of that information and believe it to be true.

2. This affidavit is sworn in support of an application by the Bridging Receiver pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, for an order (the "**Receivership Order**"), substantially in the form located at Tab 3 of the Bridging Receiver's Application Record, among other things:

   (a) appointing KSV Restructuring Inc. ("**KSV**") as receiver and manager (in such capacity, the "**Receiver**"), without security, of all of the current and future assets, undertakings, and properties, excluding certain Excluded Assets (as defined and discussed below) (the "**Property**") of MJardin Group, Inc. ("**MJar**"); and

   (b) such further and other relief as this Honourable Court may deem just.

3. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

II. BACKGROUND & APPOINTMENT OF THE BRIDGING RECEIVER

4. By orders of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 30, 2021 (the "**Appointment Order**"), May 3, 2021 (the "**Additional Appointment Order**"), and May 14, 2021 (the "**Continuation Order**" and collectively, the "**Appointment Orders**"), PwC was appointed as the Bridging Receiver. Copies of the Appointment Orders are attached hereto as **Exhibit "A"**.

5. PwC was appointed as the Bridging Receiver pursuant to section 129 of the *Securities Act* R.S.O. 1990, c. S. 5, as amended (the "**Securities Act**") upon application by the Ontario Securities Commission (the "**Commission**") as a result of the Commission's ongoing

investigation into Bridging and certain related individuals and entities. As reflected in the endorsement of Justice Hainey issued in connection with the Appointment Order (a copy of which is attached to the Appointment Order located at Exhibit "A"), the Court determined that, as required by section 129 of the Securities Act, the appointment of the Bridging Receiver was in the best interests of Bridging's investors (the "**Unitholders**") and will further the due administration of securities law in Ontario.

6. The Bridging Receiver was appointed to protect the interests of, and maximize value for, the Unitholders and the other stakeholders of Bridging. There are approximately 26,000 Unitholders (both retail and institutional) primarily located across Canada. As detailed in the Bridging Receiver's various reports to the Court, the Unitholders are facing significant losses on their investments in Bridging's investment funds as a result of, among other things, allegations of fraud, mismanagement, self-dealing, and poor lending practices that occurred at the BFI management level prior to the appointment of the Bridging Receiver.

7. The Bridging Receiver brings this application to appoint KSV as Receiver of the Property of MJar in an effort to minimize the losses that Bridging's Unitholders and other stakeholders will suffer as a result of the loans made by Bridging to MJar and its subsidiaries, which are described in greater detail below.

III. MJAR CORPORATE INFORMATION & BUSINESS

8. According to the records maintained by the Ontario Ministry of Government and Consumer Services, MJar is a corporation incorporated under the laws of the Province of Ontario.

The registered head office of MJar is located at 1 Toronto Street, 801, Toronto, Ontario. A copy of the corporate profile report in respect of MJar is attached as **Exhibit "B"**.

9. According to its most recent publicly filed quarterly and annual financial statements, filed on November 3, 2021 and April 30, 2021, respectively (the "**Financial Statements**"), copies of which are attached as **Exhibits "C"** and **"D"**, respectively, MJar is a publicly traded cannabis cultivation and management services company. In 2018, MJar's shares commenced trading on the Canadian Securities Exchange under the ticker symbol "MJAR".

10. According to the Financial Statements, MJar has two groups of subsidiaries. One group of subsidiaries is based out of the U.S. and provides professional management operational and cultivation services in Canada and the U.S. (this group is occasionally referred to as the "MJardin Group" and is largely comprised of the "U.S. Borrowers", as such term is defined below). The other group of subsidiaries is based out of Canada and is engaged in the cultivation and sale of cannabis products in Canada (this group is occasionally referred to as the "Growforce Group" and is largely comprised of the "Canadian Borrower" and the "Canadian Obligors", as such terms are defined below). A copy of MJar's corporate organizational chart summarizing the two groups of subsidiaries referred to above is attached as **Exhibit "E"**.

11. Two of the Canadian Obligors, Highgrade MMJ Corporation ("**Highgrade**") and 8586985 Canada Corporation ("**858**"), are licensed producers of cannabis in accordance with the *Cannabis Act*, S.C. 2018, c. 16 (the "**Cannabis Act**") and the regulations thereto.

12. Highgrade and 858 are the primary operating subsidiaries of MJar. Highgrade is 75.51% owned by Growforce Holdings Inc. ("**Growforce**" or the "**Canadian Borrower**") and 858 is 100% owned by the Canadian Borrower. MJar wholly owns the Canadian Borrower.

13. Highgrade primarily operates out of a cannabis production facility located in Dunville, Ontario (the "**Dunville Facility**"), which is owned by Highgrade. 858 primarily operates out of a cannabis production facility located in Brampton, Ontario (the "**Brampton Facility**"), which is leased by 858. MJar and its subsidiaries currently employ approximately 79 employees, who are primarily located in Ontario.

14. I understand that MJar recently terminated the lease of its head office at 1 Toronto Street, 801, Toronto, Ontario.

V. THE LOAN AGREEMENTS

(i) Canadian Loan Agreement

15. Pursuant to a letter loan agreement dated as of April 23, 2018[1] (as further amended, restated, supplemented, or otherwise modified from time to time, collectively, the "**Canadian Loan Agreement**") among BFI, as agent (in such capacity, the "**Agent**"), the Bridging investment funds from time to time acting as lenders (the "**Lenders**"), the Canadian Borrower, as borrower, and each of MJar, Highgrade, and 858 as obligors (the "**Canadian Obligors**"), the Lenders made available to the Canadian Borrower a revolving

[1] As amended and restated on June 13, 2018, as further amended by the first amendment dated July 23, 2018, the second amendment dated as of July 27, 2018, the third amendment dated as of November 6, 2018, the fourth amendment dated as of December 11, 2018, the fifth amendment dated May 29, 2019 (the "**Fifth Canadian Amendment**"), and the sixth amendment dated April 29, 2020.

demand loan in the original principal amount of $59,060,232 (the "**Canadian Loan**"). A copy of the Canadian Loan Agreement (including each amendment thereto) is attached hereto as **Exhibit "F"**.

16. According to the books and records of Bridging, as at March 22, 2022, the total amount owing by the Canadian Borrower to the Lenders under the Canadian Loan Agreement is $134,587,534 (the "**Canadian Indebtedness**").

(ii) U.S. Loan Agreement

17. Pursuant to a loan agreement dated December 29, 2017[2] (as amended, restated, supplemented, or otherwise modified from time to time, the "**U.S. Loan Agreement**" and together with the Canadian Loan Agreement, the "**Loan Agreements**") among the Agent, the Lenders, and MJar Holdings Corp. and certain related entities as borrowers (the "**U.S. Borrowers**" and together with the Canadian Borrower and the Canadian Obligors, the "**Credit Parties**"), the Lenders made available to the U.S. Borrowers certain demand loans in the aggregate principal amount of $32,300,000 (the "**U.S. Loans**" and together with the Canadian Loan, the "**Loans**"). A copy of the U.S. Loan Agreement (including each amendment thereto) is attached hereto as **Exhibit "G"**.

18. According to the books and records of Bridging, as at March 22, 2022, the total amount owing by the U.S. Borrowers to the Lenders under the U.S. Loan Agreement is

[2] As amended by the first amendment dated July 23, 2018, the second amendment dated August 27, 2018, the third amendment dated November 15, 2018, the fourth amendment dated May 29, 2019 (the "**Fourth U.S. Amendment**"), the fifth amendment dated April 29, 2020 (the "**Fifth U.S. Amendment**"), the sixth amendment and waiver letter dated September 29, 2020, and the seventh amendment dated April 29, 2021 (the "**Seventh U.S. Amendment**").

$43,526,613 (the "**U.S. Indebtedness**" and together with the Canadian Indebtedness, the "**Indebtedness**").

19. As at March 22, 2022, the total amount of the Indebtedness is $178,114,147. Although interest accrues on the Indebtedness at the Prime Rate of The Bank of Nova Scotia plus 9.55% per annum (with the exception of the Indebtedness in respect of the Seventh U.S. Advance, as defined below, which accrues interest at 15% per annum), the Credit Parties are not currently paying any cash interest to the Lenders under the Loan Agreements. Rather, interest is being capitalized and added to the outstanding amount owing under the Loans.

VI. SECURITY HELD BY BRIDGING

(i) Canadian Security and Guarantees

20. As security for all of the present and future indebtedness and obligations of the Canadian Borrower to the Lenders under the Canadian Loan, the Canadian Borrower granted the Lenders security over all of its present and after-acquired property pursuant to a General Security Agreement dated April 23, 2018 (the "**Canadian Borrower GSA**"), a copy of which is attached hereto as **Exhibit "H"**.

21. The Agent made registrations against the Canadian Borrower pursuant to the *Personal Property Security Act* (Ontario) (the "**PPSA**") on February 7, 2018 and March 7, 2018. A copy of an electronic PPSA search in respect of the Canadian Borrower current as of March 21, 2022 is attached hereto as **Exhibit "I"**.

22. The Canadian Indebtedness has been guaranteed by each of the Canadian Obligors (including MJar) pursuant to separate written guarantees (the "**Canadian Guarantees**"). Copies of the Canadian Guarantees are attached as **Exhibit "J"**. The obligations of each of the Canadian Obligor pursuant to its respective Canadian Guarantee are secured by separate general security agreements over all of its respective present and after-acquired property (the "**Canadian Obligor GSAs**"). Copies of the Canadian Obligor GSAs are attached as **Exhibit "K"**. It is a term of the Canadian Obligor GSA to which MJar is a party that a receiver may be appointed by the Agent and the Lenders upon default.

23. The Agent made a registration against each of the Canadian Obligors pursuant to the PPSA. Copies of electronic PPSA searches in respect of each of the Canadian Obligors current as of March 21, 2022 are attached hereto as **Exhibit "L".**

24. Based on the PPSA searches referred to above, it appears that there are no registrations against the Canadian Borrower or the Canadian Obligors (including MJar) that are prior in time to the Agent's registrations against the Canadian Borrower and the Canadian Obligors.

25. The Canadian Borrower GSA, the Canadian Guarantees, and the Canadian Obligor GSAs shall be collectively referred to herein as the "**Canadian Security**".

26. In addition to the Canadian Security, each of the U.S. Borrowers guaranteed the Canadian Indebtedness pursuant to a guarantee agreement dated April 29, 2020 (the "**U.S. Cross Guarantees**"). The U.S. Cross Guarantees are secured by the U.S. Security (as defined and described below). Copies of the U.S. Cross Guarantees are attached as **Exhibit "M"**.

(ii) U.S. Security and Guarantees

27. As security for all of the present and future indebtedness and obligations of the U.S. Borrowers to the Lenders under the U.S. Loans, each of the U.S. Borrowers granted the Lenders security over all of its present and after-acquired property pursuant to a separate general security agreement (the "**U.S. Security"** and together with the Canadian Security, the "**Security**"). Copies of the general security agreements comprising the U.S. Security are attached as **Exhibit "N"**.

28. In addition to the U.S. Security, the Canadian Borrower and each of the Canadian Obligors (including MJar) guaranteed the indebtedness and obligations of the U.S. Borrowers to the Lenders under the U.S. Loans pursuant to a guarantee agreement dated April 29, 2020 (the "**Canadian Cross Guarantee**"). The obligations of the Canadian Borrower and each of the Canadian Obligors pursuant to the Canadian Cross Guarantee are secured by the Canadian Security. A copy of the Canadian Cross Guarantee is attached as **Exhibit "O"**.

VII. HISTORY OF DEFAULTS & FAILED SALES PROCESS

(i) Defaults and Temporary Waiver Agreements

29. According to the books and records of Bridging and the consolidated financial statements of the Credit Parties, the Credit Parties have not been profitable since MJar was publicly listed in 2018. The ability of the Credit Parties to fund operational costs, including payroll, has been almost entirely dependent upon financing from Bridging. The Bridging Receiver also understands that there are arrears on excise taxes and HST, which it understands from management currently total approximately $976,535.

30. As a result of poor financial performance, as at April 21, 2021, MJar and the other Credit Parties were in default (or were expected to be in default forthwith) of their obligations under the Loan Agreements as a result of their failure and/or inability to comply with the following provisions of the Loan Agreements (collectively, the "**Provisions**"):

(a) **Inability to repay Indebtedness on Maturity Date**. Article 3.2(b) of the U.S. Loan Agreement provides that "the Borrowers shall repay the [U.S. Loans] to the Lenders on April 23, 2021 (the "**Maturity Date**"), by payment in cash in full of the entire outstanding principal balance thereof, plus all unpaid interest accrued thereon through the date of repayment, plus all outstanding and unpaid fees and expenses payable to the Lenders under the Loan Documents through the date of repayment." Similarly, the section of the Canadian Loan Agreement entitled "Term" provides that the "Maturity Date" for the Canadian Loan is April 23, 2021.

I understand from the books and records of Bridging that the Credit Parties were unable to repay the Indebtedness as at the Maturity Date and thus were unable to comply with the above provisions of the Loan Agreements;

(b) **Failure and ongoing inability to make interest payments**. Article 3.1(a) of the U.S. Loan Agreement provides that "… On and after January 1, 2021 the Borrowers shall, on the first Business Day of each calendar month pay the Monthly Interest Payment Amount in cash ... All accrued and unpaid interest on the Loans shall be due and payable on the earliest to occur of (i) the Maturity Date, (ii) the repayment by the Borrowers of any other principal amounts due in respect of this Agreement, and (iii) the date of any Liquidity Event." Similarly, the section entitled

"Payments" under the Canadian Loan Agreement provides that "… Beginning on January 1, 2021, when the Monthly Interest Payment Amount for December 2020 shall be due and payable, and on the first Business Day of each calendar month thereafter the Monthly Interest Payment Amount for the most recently completed calendar month shall be due and payable by the Borrower to the Agent…".

I understand from the books and records of Bridging that the Credit Parties failed to pay the Monthly Interest Payment Amount for the months of January 2021, February 2021, March 2021, and April 2021, contrary to the Loan Agreements, and were unable to pay all accrued interest on the Loans at the Maturity Date.

(c) **Failure and ongoing inability to comply with key financial covenants**. Article 7.24 of the U.S. Loan Agreement provides that "… the Senior Leverage Ratio shall commence testing for the Reference Period ending March 31, 2020, and as of such date of determination and at all times thereafter shall be less than 4.5:1... the Fixed Charge Coverage Ratio shall commence testing for the Reference Period ending December 31, 2019, and as of such date of determination and at all times thereafter shall be greater than 1.2:1…". The section of the Canadian Loan Agreement entitled "Financial Covenants" contains a substantially similar provision.

I understand from the books and records of Bridging that the Credit Parties have failed to maintain the Senior Leverage Ratio and the Fixed Charge Coverage Ratio at all material times from March 31, 2020 until the date hereof.

31. In order to provide the Credit Parties with an opportunity to pursue strategic sale and/or restructuring alternatives (the "**Restructuring Efforts**"), the Agent and the Lenders agreed

to temporarily waive the Provisions until May 1, 2022, pursuant to a temporary waiver agreement dated April 21, 2021 (the "**Previous Temporary Waiver Agreement**"). A copy of the Previous Temporary Waiver Agreement is attached as **Exhibit "P"**.

32. After the appointment of the Bridging Receiver, the Credit Parties requested an extension of the temporary waiver until November 30, 2022, in order to continue to pursue strategic alternatives and avoid having a going concern qualification included in their audited financial statements. Pursuant to two separate agreements dated May 28, 2021 (one in respect of the Canadian Loan Agreement and the other in respect of U.S. Loan Agreement) (the "**Amended and Restated Temporary Waiver Agreements**" and, together with the Previous Temporary Waiver Agreement, the "**Temporary Waiver Agreements**") the Bridging Receiver, on behalf of the Agent and the Lenders, agreed to temporarily waive the Provisions until the earlier of: (i) November 30, 2022; and (ii) the occurrence of an Event of Default.[3] Copies of the Amended and Restated Temporary Waiver Agreements are attached as **Exhibit "Q"**.

(ii) Restructuring Efforts & Failed SISP

33. One of the primary purposes of the Amended and Restated Temporary Waiver Agreements was to allow the Credit Parties to further pursue the Restructuring Efforts with the support of the Bridging Receiver. To date, the Restructuring Efforts have largely centred around the appointment of Restructur Advisors as strategic advisor to the special committee of MJar's board of directors and Chief Restructuring Officer of MJar (in such capacities, the

[3] "Event of Default" is defined in each of the Temporary Waiver Agreements to mean an Event of Default under the applicable Loan Agreement, with the exception of any defaults under the Provisions.

"**CRO**"). The CRO was retained by MJar on May 25, 2021. The principal of the CRO is Blair Jordan ("**Jordan**"). Jordan was also appointed to the board of directors of MJar on or around May 26, 2021. As detailed below, the Restructuring Efforts to date have been largely unsuccessful.

34. The CRO commenced a sale and investment solicitation process to market the Canadian business and/or assets of MJar and its subsidiaries on or around July 14, 2021 (the "**Canadian SISP**"). The Bridging Receiver, on behalf of the Agent and the Lenders, continued to support the Credit Parties throughout the Canadian SISP by making advances to help fund the Canadian SISP and ordinary course operating expenses, including payroll.

35. Ultimately, the Canadian SISP was terminated on or around December 15, 2021. I understand from the CRO that the bids received either: (i) provided insufficient value to stakeholders; or (ii) were disqualified because the bidder lacked sufficient financial resources.

36. I understand a similar sale and investment solicitation process (the "**U.S. SISP**") was undertaken by the CRO to sell substantially all of the Credit Parties' assets located in the U.S. (the "**U.S. Assets**"), which are primarily comprised of:

    (a) three promissory notes (the "**Notes**") granted by TwoG Ventures, LLC and 3B Ventures, LLC (the "**Note Issuers**") assigned to MJar on January 17, 2018, pursuant to which the Note Issuers agreed to pay MJar the principal amount of USD$16.2 million plus accrued interest, fees, and other costs upon the earlier of: (i) demand; and (ii) January 17, 2023; and

(b) two real estate assets located in Colorado, which were marketed separately from the Notes by a cannabis-focused real estate agent (the "**Colorado Real Estate Assets**").

37. The CRO focused its efforts to market the Notes to 18 potential bidders (including multi-state operators, investment funds, and market intermediaries). I understand from communications with the CRO that some parties ultimately submitted bids for the Notes, but that most of the potential bidders did not bid on the Notes due to litigation risk related to the Notes. MJar ultimately decided not to sell the Notes and instead pursue a cooperative approach to monetize the Notes with the Note Issuers.

38. With respect to the Colorado Real Estate Assets, the CRO focused its marketing efforts on U.S. real estate investors via a market intermediary. Several bids were received in respect of such assets. The highest and best bid in respect of one of the Colorado Real Estate Assets was accepted and the transaction closed on March 10, 2022. The net proceeds from this transaction were applied against the Indebtedness. A bid for the second of the Colorado Real Estate Assets was accepted, and the transaction is expected to close on or around March 25, 2022.

(iii) The Restructuring Plan & Potential Alternative Transaction

39. As a result of the failure to generate any viable offers for the MJar business despite several months of marketing efforts, on or around October 27, 2021 the CRO recommended that MJar pursue a non-sale focused restructuring plan (the "**Restructuring Plan**"). The following provides an overview of the proposed Restructuring Plan based on information provided to the Bridging Receiver by the CRO:

(a) the Credit Parties will file for creditor protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**"); and

(b) the senior secured claim of the Lenders in respect of the Indebtedness will be converted to equity in a new cannabis company ("**MJar 2.0**") that will emerge from CCAA emerge as a consolidation vehicle in the Canadian cannabis market and a licensed producer of cannabis operating out of the Dunville Facility and the Brampton Facility.

40. In addition to the Restructuring Plan, the CRO has indicated that another party has expressed interest in acquiring MJar's business through a transaction which I understand would also result in the Indebtedness being converted into equity in the other party (the "**Potential Alternative Transaction**"). As at the date hereof, no modeling, documentation, or other details have been provided in support of the Potential Alternative Transaction. Accordingly, the Bridging Receiver is not in a position to determine whether the Potential Alternative Transaction is viable.

41. Given the repeated inability of MJar to achieve profitability and the difficult economic climate for cannabis companies generally, the Bridging Receiver does not support the Restructuring Plan or the Potential Alternative Transaction. The Bridging Receiver is of the view that converting over $170 million in secured debt to equity in an unproven cannabis company is not in the best interests of the Lenders (or their Unitholders and other stakeholders). The Bridging Receiver is of the view that the interests of the Lenders (who appear to be the only stakeholders with an economic interest in the Credit Parties) would

be better served by appointing the Receiver to consider available options to monetize and maximize the value of MJar and its subsidiaries.

42. After the Bridging Receiver communicated that it did not support the Restructuring Plan or the Potential Alternative Transaction, the relationship and communication between the Bridging Receiver and the CRO and MJar began to break down. The Bridging Receiver became concerned with the status of the Restructuring Efforts and understood MJar was considering taking steps towards a potential CCAA filing.

43. In light of the foregoing concerns, counsel for the Bridging Receiver sent a letter to MJar's counsel dated February 22, 2022 (the "**February Letter**") advising as follows:

(a) the Bridging Receiver does not support a CCAA filing at this time (particularly without being provided an opportunity to review and consent to the CCAA materials and the proposed initial order);

(b) in order to consider whether a CCAA filing is a viable option to maximize value for the Lenders, the Receiver requires certain information it has requested from MJar, including: (i) an updated cash flow forecast and other information to determine the quantum, terms, and conditions of any DIP financing to be provided by the Lenders (a draft cash flow forecast with certain DIP financing assumptions was subsequently provided by MJar); (ii) the draft CCAA materials to ensure they are satisfactory to the Bridging Receiver; and (iii) confirmation that there is an agreement from MJar to consult with the Bridging Receiver with respect to any

CCAA filing and any other material decisions regarding the business or any assets subject to the Security;

(c) despite its requests, the Bridging Receiver has not been provided with adequate details regarding the Potential Alternative Transaction and will not support any such transaction unless it is provided with all relevant information in connection with same; and

(d) the Bridging Receiver does not consent to the use of any proceeds from the collateral subject to the Security to fund CCAA professional fees and other expenses.

A copy of the February Letter is attached as **Exhibit "R"**.

44. Following the February Letter, the Bridging Receiver and counsel had various discussions with MJar and its counsel on the path forward. The Bridging Receiver determined that a consensual insolvency filing was not in the best interest of its stakeholders.

VIII. DEMAND LETTER & BIA NOTICE

45. As a result of the ongoing inability of MJar to pay its debts as they become due and the other defaults under the Loan Agreements described below, the Bridging Receiver determined that the best path forward for the Lenders was to seek the appointment of the Receiver over MJar.

46. On March 10, 2022, the Bridging Receiver demanded payment of the Indebtedness from MJar (the "**Demand Letter**") and delivered a Notice of Intention to Enforce Security

pursuant to section 244 of the BIA (the "**BIA Notice**"). A copy of the Demand Letter and BIA Notice is attached as **Exhibit "S"**.

47. The 10-day statutory deadline for the repayment of the Indebtedness set out in the BIA Notice expired on March 20, 2022. As at the date hereof, the Credit Parties have failed to repay the Indebtedness.

IX. CURRENT DEFAULTS UNDER LOAN AGREEMENTS

48. Pursuant to the Fifth Canadian Amendment and the Fourth U.S. Amendment, the indebtedness and obligations of the Credit Parties to the Agent and the Lenders under the Loan Agreements are payable on demand upon and during the continuance of an Event of Default (as defined in each of the Loan Agreements). This does not, however, include the indebtedness and obligations of the Credit Parties to the Agent and the Lenders in connection with the advances made pursuant to the Fifth U.S. Amendment (the "**Fifth U.S. Advance**") and the Seventh U.S. Amendment (the "**Seventh U.S. Advance**").

49. Pursuant to the Fifth U.S. Amendment, the amounts owing in respect of the Fifth U.S. Advance are due and payable upon demand by, and in the sole and absolute discretion of, the Agent. Similarly, the Seventh U.S. Amendment provides that the amounts owing in respect of the Seventh U.S. Advance are payable immediately upon written demand therefor from the Agent, irrespective of whether a Default or Event of Default has occurred or is continuing, and the failure of the U.S. Borrowers to satisfy such repayment obligation when due shall constitute an immediate Event of Default.

50. The Credit Parties' are indebted to the Lenders under the Fifth U.S. Advance and the Seventh U.S. Advance in the aggregate amount of $13,340,853.42 as at March 10, 2022 (the "**Fifth & Seventh Amendment Indebtedness**").

51. In the Demand Letter, the Bridging Receiver demanded immediate payment from MJar of the Fifth & Seventh Amendment Indebtedness. Based on the financial position of MJar, the Bridging Receiver understood that the Fifth & Seventh Amendment Indebtedness would not be immediately repaid, contrary to the Loan Agreements. As at today's date, MJar has failed to make any payments in respect of the Fifth & Seventh Amendment Indebtedness. Further, based on its inability to pay: (i) the Fifth & Seventh Amendment Indebtedness; (ii) significant amounts owing in respect of HST and excise taxes; and (iii) certain amounts owing to its professional advisors for services rendered, it is clear that MJar is unable to pay its debts as they become due.

52. The Credit Parties are in default of their respective obligations under the Loan Agreements as a result of their: (i) failure to repay the Fifth & Seventh Amendment Indebtedness; and (ii) inability to pay their debts as they become due (together, the "**Initial Defaults**"). As detailed below and in the Demand Letter, these Initial Defaults had the effect of triggering further Events of Default under the Loan Agreements.

53. As described above, the Temporary Waiver Agreements were in effect until the earlier of: (i) November 30, 2022; and (ii) the occurrence of an Event of Default, which is defined therein to mean an Event of Default under the applicable Loan Agreement, with the exception of any defaults under the Provisions. The Initial Defaults constitute "Events of Default" under each of the Temporary Waiver Agreements. As a result of the Initial

Defaults, the Temporary Waiver Agreements were immediately terminated, and the Provisions were automatically reinstated.

54. Pursuant to the Temporary Waiver Agreements, any default in respect of the Provisions upon termination shall constitute an Event of Default under the Loan Agreements and the Bridging Receiver, on behalf of the Agent and the Lenders, may immediately exercise any rights or remedies in connection therewith without any requirement for any further temporary waiver or delay on the part of the Bridging Receiver.

55. As a result of the Initial Defaults and the termination of the Temporary Waiver Agreements, the Credit Parties are in default of their respective obligations under the Provisions as a result of the following (which shall be collectively referred to herein together with the Initial Defaults as the "**Defaults**"):

(a) failure to repay the amounts outstanding under the Loans in full by April 23, 2021 (the "**Maturity Date**"), contrary to Article 3.2(b) of the U.S. Loan Agreement and the section entitled "Term" of the Canadian Loan Agreement;

(b) failure to pay the Monthly Interest Payment Amount (as defined in the Loan Agreements) when due at all material times since January 2020, in each case contrary to Article 3.1(a) of the U.S. Loan Agreement and the section of the Canadian Loan Agreement entitled "Payments"; and

(c) failure to maintain the Senior Leverage Ratio and the Fixed Charge Coverage Ratio (each as defined in the Loan Agreements), contrary to Article 7.24 of the U.S. Loan

Agreement and the section of the Canadian Loan Agreement entitled "Financial Covenants".

56. As a result of the Defaults, pursuant to the Loan Agreements, the Bridging Receiver was entitled to demand immediate repayment from MJar of the entire Indebtedness. The Loans are now past maturity and MJar failed to make any payments in respect of the Indebtedness prior to the expiry of the 10-day notice period under the BIA Notice.

57. In addition, on March 22, 2022, as the Receiver was inquiring into the current cash balance of MJar, it became aware of certain proposed payments to professional advisors and other unsecured creditors of MJar, notwithstanding the Bridging Receiver's requests that no such payments be made. As such, by letter dated March 22, 2022 (the "**March Letter**"), the Bridging Receiver advised MJar that, among other things, the Bridging Receiver would be bringing an application forthwith to appoint the Proposed Receiver and no payments in respect of professional fees or any other expenses and arrears should be made by MJar or any of the other Credit Parties using any collateral subject to the Lenders' Security without the express prior written consent of the Bridging Receiver. A copy of the March Letter is attached hereto as **Exhibit "T"**.

X. NECESSITY FOR THE APPOINTMENT OF A RECEIVER

58. The appointment of the proposed Receiver over the Property of MJar is necessary and appropriate in the circumstances as a result of the following:

(a) MJar has repeatedly defaulted and/or been unable to comply with its obligations to the Agent and the Lenders under the Loan Agreements and the Temporary Waiver

Agreements. The Bridging Receiver, the Agent, and the Lenders have accommodated and supported MJar since April 2021 by continuing to make credit available and temporarily waiving certain defaults to provide MJar with an opportunity to pursue the Restructuring Efforts. However, the Bridging Receiver is no longer prepared to do so given the unsuccessful Restructuring Efforts and the ongoing inability of MJar to achieve profitability and otherwise pay its debts as they become due (including the outstanding excises taxes and HST). The Bridging Receiver is of the view that a continuation of the *status quo* will erode the Lenders' Security position;

(b) as set out in the February Letter and the March Letter, there has been a breakdown in the relationship and communication between the Bridging Receiver and the CRO and MJar. The Bridging Receiver is concerned that if the *status quo* were to continue, steps may be taken contrary to the interests of the Lenders (and their Unitholders and other stakeholders);

(c) the Bridging Receiver is of the view that the appointment of the proposed Receiver over the Property of MJar is necessary in the circumstances to preserve, protect, and ultimately realize upon the collateral subject to the Security for the benefit of the Lenders (who appear to be the only stakeholders with an economic interest in MJar and the other Credit Parties);

(d) the 10-day notice period set out in the BIA Notice has expired; and

(e) the Bridging Receiver is of the view that it is just and convenient to appoint a Receiver in these circumstances.

XI. SCOPE OF THE APPOINTMENT

59. The Bridging Receiver only seeks the appointment of the proposed Receiver over MJar (and not the other Credit Parties) in order to preserve the value of the cannabis licences held by Highgrade and 858 (the "**Licences**") and to otherwise comply with applicable Controlled Substances Legislation (as defined below).

60. To protect the proposed Receiver and preserve the value of the Licences, it is a term of the proposed Receivership Order that the Receiver shall not take possession of (or be deemed to have taken possession of) or exercise (or be deemed to have exercised) any rights of control over any assets, properties, or undertakings (the "**Excluded Assets**") of Mjar or any of its direct or indirect subsidiaries, including any joint venture entities (each, a "**Subsidiary**" and collectively, the "**Subsidiaries**") or take control of or manage (or be deemed to have taken control of or managed) any business of Mjar or any of its Subsidiaries (the "**Excluded Business**") for which any permit or licence is issued or required in accordance with the following legislation and any other applicable legislation in connection with the cultivation, processing, sale and/or possession of cannabis or cannabis-related products in Canada or the United States and any regulations issued in connection therewith (the "**Controlled Substances Legislation**"):

(a) *Cannabis Act*;

(b) *Excise Act, 2001*, S.C. 2002, c. 22;

(c) *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26; or

(d) *Cannabis Licence Act, 2018*, S.O. 2018, c. 12.

61. The proposed Receivership Order provides that MJar and its applicable Subsidiaries shall remain exclusively in possession and control of any Excluded Assets and Excluded Business in accordance with applicable Controlled Substances Legislation.

62. The proposed Receivership Order further provides that the proposed Receiver is authorized and empowered to cause MJar to file for creditor protection under the CCAA with KSV acting as monitor. In the event that Health Canada raises any concerns with respect to the continuation of the Licences in a receivership proceeding or if it is otherwise in the best interests of MJar's stakeholders, it may be necessary or desirable to have the flexibility to carry out a sale and/or restructuring process under the CCAA.

63. KSV has advised that it requires the foregoing protections, among others set out in the proposed Receivership Order, otherwise it will not be in a position to act as Receiver. KSV has consented to act as Receiver, subject to obtaining a Receivership Order on terms that are satisfactory to KSV. A copy of KSV's consent is attached as **Exhibit "U"**.

64. It is also a term of the proposed Receivership Order that the Receiver's Charge and the Receiver's Borrowings Charge (each as defined therein) attach to the Property, all of the properties, assets, and undertakings of each of the Subsidiaries (the "**Subsidiary Property**"), and any funds held by the Receiver on account of the Receiver's Borrowings (as defined in the proposed Receivership Order) (the "**Receiver's Borrowings Funds**"). Given that the proposed appointment is solely in respect of MJar (which, on its own, does not have significant assets), the Bridging Receiver is of the view that it is necessary to include the Subsidiary Property and the Receiver's Borrowings Funds within the scope of the Receiver's Charge and the Receiver's Borrowings Charge. This will protect the

Receiver and its counsel from undue financial exposure, and ensure there is sufficient collateral available to facilitate the Receiver's Borrowings. The Bridging Receiver, on behalf of the Agent and the Lenders, consents to including the Subsidiary Property and the Receiver's Borrowings Funds within the scope of the Receiver's Charge and the Receiver's Borrowings Charge.

XI. CONCLUSION

65. For the reasons set out above, the Bridging Receiver seeks the appointment of KSV as Receiver of MJar to protect the interests of the Lenders and the other stakeholders of MJar on the terms of the draft Receivership Order located at Tab 3 of its Application Record.

66. This affidavit is sworn in support of the within application and for no other or improper purpose.

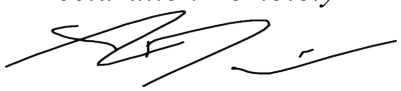
SWORN remotely via videoconference, by GRAHAM PAGE stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 22nd day of March 2022, in accordance with *O. Reg 431/20, Administering Oath or Declaration Remotely*.

Commissioner for Taking Affidavits

Adam Driedger
(LSO# 77296F)

GRAHAM PAGE

This is Exhibit "B" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

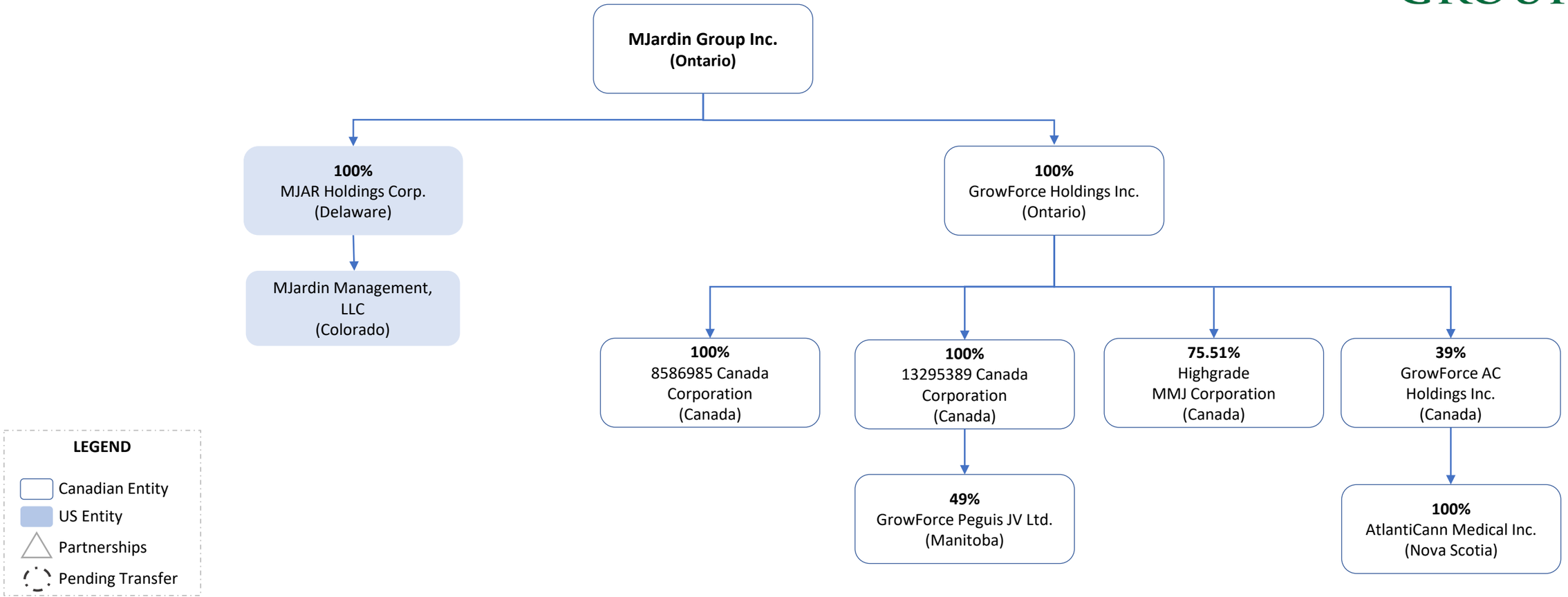


A Commissioner for taking affidavits

ADAM DRIEDGER

MJardin Group Inc – Legal Entities*

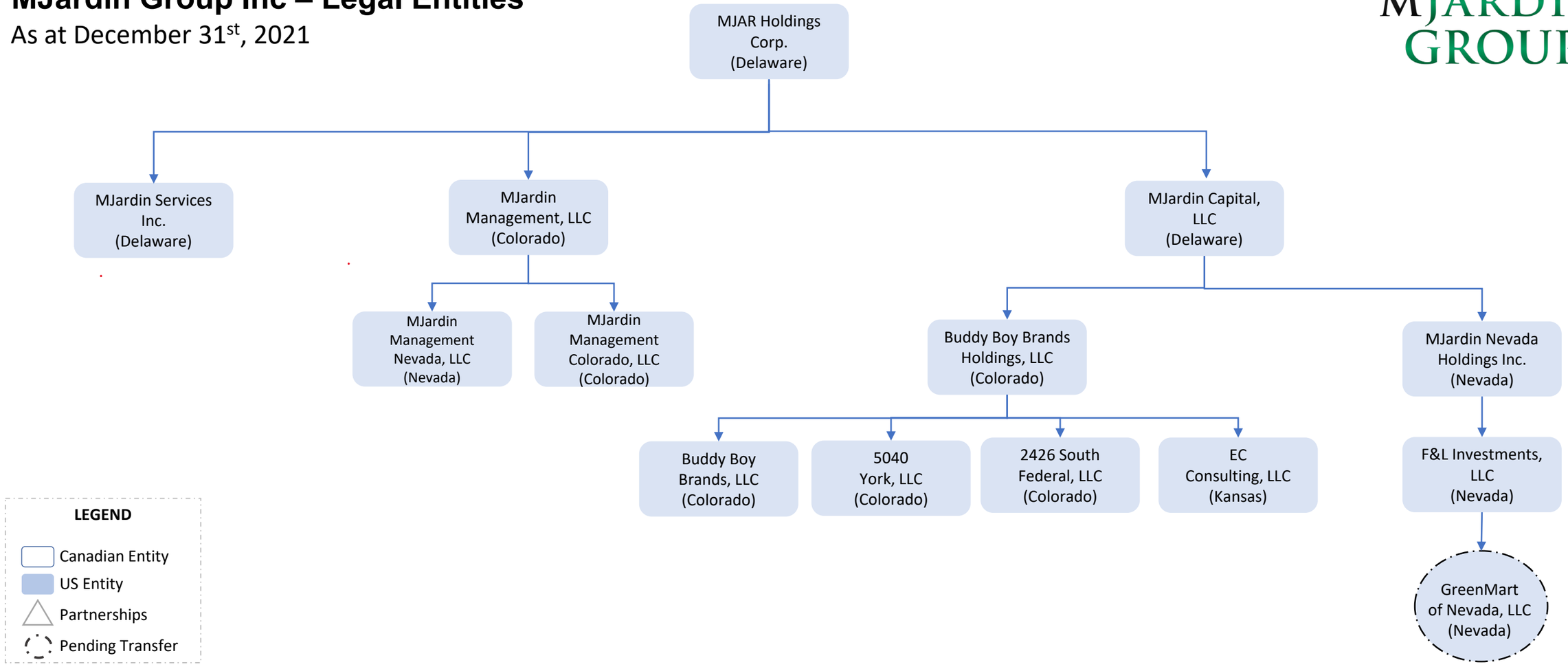
As at December 31st, 2021



*Dormant entities to be wound up by 12/04/22

MJardin Group Inc – Legal Entities

As at December 31st, 2021



This is Exhibit "C" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

A Commissioner for taking affidavits

ADAM DRIEDGER

MJardin Group, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Expressed in Canadian dollars, unless otherwise stated)

This Management's Discussion and Analysis ("**MD&A**") reports on the financial condition and operating results of MJardin Group, Inc. (the "**Company**" or "**MJardin**") for the three and nine months ended September 30, 2021 and 2020. The MD&A should be read in conjunction with the Company's audited and consolidated financial statements for the years ended December 31, 2020 and 2019 as filed on SEDAR on April 30, 2021 (the "**Annual Financial Statements**") and the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 and 2020, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. This MD&A provides information on the operating activities, performance and financial position of the Company and is intended to assist in understanding the Company's business and key factors underlying its financial results. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

Additional information can be found on the Company's website at www.MJardin.com.

FORWARD-LOOKING INFORMATION

This MD&A may contain "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities legislation ("**forward-looking statements**"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events.

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. Some examples of forward-looking statements include but are not limited to: the outlook of the Company, expected costs, business plans, the ability of the Company to continue as a going concern, completion dates of the facilities, production capacity, receipt of licenses, potential transactions the Company is considering through its strategic review process, the expected expansion of the Flint & Embers brand, the suspension and potential cessation of business activities at the Company's facilities, the potential to bring new cultivars to market, the ability of the Company to generate cash to meeting working capital requirements, etc.

Assumptions

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to: (i) obtaining and maintaining necessary regulatory approvals and licenses; (ii) that regulatory requirements may or may not adversely affect the business; (iii) general business and economic conditions; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition and product demand; (viii) the products and technology offered by the Company's competitors; (ix) the ability of the Company to increase its revenue to meet current working capital requirement and debt obligations; and (x) that our current good relationships with our suppliers, service providers and other third parties will be maintained.

Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we make no assurance that actual results will be consistent with these forward-looking statements.

The Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, but there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

This MD&A contains certain financial performance measures that are not recognized or defined under IFRS ("**Non-**

GAAP Measures"). As a result, this data may not be comparable to data presented by other cannabis companies. For an explanation, related definitions, and reconciliation of these measures to comparable financial information presented in the consolidated financial statements prepared in accordance with IFRS, refer to the Non-GAAP Financial Measures section below. The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are used by management to assess the financial and operational performance of the Company. These Non-GAAP Measures include, but are not limited to, the following:

i) EBITDA

ii) Adjusted EBITDA

Non-GAAP Measures should be considered together with other data prepared in accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to the Company's management. Accordingly, these Non-GAAP Measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Company's forward-looking statements are based on the reasonable beliefs, expectations, and opinions of management as of November 3, 2021, the date of this MD&A.

BUSINESS HISTORY

MJardin Group, Inc. (the "**Company**" or "**MJardin**"), formerly known as Sumtra Diversified Inc. ("**Sumtra**"), was formed by amalgamation on August 30, 1978 under the laws of the province of Ontario and carried on business as a "Capital Pool Corporation".

On September 7, 2018 MJAR Holdings Corp. and Sumtra entered into a definitive agreement to carry out a reverse takeover transaction (the "**RTO Transaction**") via a three-cornered amalgamation for the purpose of effecting a reverse takeover of Sumtra by MJAR Holdings Corp. The RTO Transaction was completed on November 13, 2018. The Company's subsidiary, MJAR Subco, amalgamated with MJAR Holdings Corp., with the shareholders of MJAR Holdings Corp. receiving shares of the Company on a 1:1 basis. Upon amalgamation, the name of the Company was changed to MJardin Group, Inc., its fiscal year end was changed from August 31 to December 31, and its shares were delisted from the TSX Venture Exchange. On November 15, 2018, the Company commenced trading on the Canadian Securities Exchange under the ticker symbol MJAR.

In 2018, the Company made the strategic decision to add principal ownership of cultivation facilities and acquired GrowForce Holdings Inc. ("**GrowForce**"). GrowForce has significant ownership in cannabis cultivation facilities and engages in either retrofit or construction of production facilities to meet Health Canada cultivation license requirements. GrowForce also engages in the cultivation and sale of cannabis products from cannabis facilities in Canada, as all cultivation facilities are licensed by Health Canada.

BUSINESS SEGMENTS

1) Cultivation operations in Canada

WILL Cannabis ("WILL")

WILL was founded on July 22, 2013 and construction of its initial facility (the "**WILL Facility**") was completed in November 2017. Prior to February 2020, the WILL Facility was fully constructed but waiting on licensing approval to expand the operations and begin cultivation activities in the entire facility. On February 24, 2020, the Company received approval from Health Canada to significantly increase its current operational space and production supply to full facility capacity. The 32,800 square-foot facility received approval for eight additional grow areas and four additional operations areas which include grow, vegetative and mother rooms, as well as trim, dry and packaging rooms. This amendment to its licence, which previously authorized two rooms, allows WILL to produce at its full capacity of 3,000 kg of dried flower per year, depending on the mix of strains. The facility started operating at full capacity during the third quarter of 2020. The Company is cultivating cannabis plants in all 12 licensed grow rooms in the facility. The facility is equipped with optimal HVAC and fertigation systems that ensure workflow efficiency and consistency in cultivation of product.

Highgrade MMJ Corporation. ("Highgrade")

The Company has a 75.51% equity interest in Highgrade, which owns an indoor cultivation facility in Dunnville, Ontario (the "**GRO Facility**"). The facility was fully operational by the third quarter of 2020. At full capacity, the 11,000 square-foot facility is estimated to produce 1,200 kg of premium flower per year. Cannabis produced at the facility is bulk packaged and shipped to the WILL Facility for testing and processing. The GRO Facility houses five compartmentalized flower rooms of equal size and required supporting rooms. The facility is equipped with optimal HVAC and fertigation systems that ensure workflow efficiency and consistency in cultivation of product.

AtlantiCann Medical Inc. ("AMI")

The Company holds a 39% equity interest in AMI, an operator of an expanded 68,000 square-foot indoor cultivation facility located in Nova Scotia. The facility has a total production capacity of 6,300 kg of product per year. In 2020, AMI began selling to the retail market through licenses with the provinces of Nova Scotia, Ontario, British Columbia, Saskatchewan, and New Brunswick. The Company has representation on the board of AMI, but does not participate in its management.

Warman

In April 2018, the Company acquired a 120,000 square foot building in Winnipeg, Manitoba (the **"Warman Facility"**), which previously operated as a food processing plant. A portion of the building has been retrofitted with enclosed indoor cultivation grow facilities of approximately 11,000 square feet. A cultivation license for this Phase 1 development was issued in 2019. The Warman Facility has been used primarily as a research and development centre for phenotyping and strain selection. During Q3 2021, the Company halted construction activities and shut down the Warman facility in response to market conditions.

2) Cultivation Management in USA

The Company leverages over 10 years of cultivation and design experience in building and enhancing cultivation and extraction assets. Since 2009, the Company has designed over 100 cannabis cultivation and extraction facilities. The Company is transitioning the business away from cultivation management as its in-house cultivation operations ramp up. During the nine months ended September 30, 2021, the Company terminated 11 staff from the MSA business to focus on in-house cultivation operations in Canada.

KEY BUSINESS DEVELOPMENTS

The following activities occurred during the three months ended September 30, 2021 and up to the date of this MD&A:

Strategic Review Process

In April 2021, the Board of Directors formed a special committee of independent directors (the "**Special Committee**") to explore, review and evaluate a broad range of strategic alternatives for the Company due to its limited capital resources, with a view to identifying a transaction that is in the best interests of stakeholders. These alternatives may include continuing as a standalone public company, material asset dispositions, going private, undertaking a recapitalization or other restructuring transaction, or being purchased by a strategic partner. The Company has not made any decisions related to strategic alternatives at this time, and there can be no assurance that the evaluation of strategic alternatives will result in any transaction or change in strategy.

On July 12, 2021, further to the Company's April 30, 2021 press release announcing the formation of the Special Committee, the Special Committee recommended that the Company conduct a formal and wide-ranging sales and investment solicitation process ("**SISP**") in order to identify all potential options to maximize value for all of the Company's stakeholders. In response, Restructur Advisors, along with the Company's management team commenced the SISP on or about July 12, 2021, seeking expressions of interest, in any combination, in respect of the Company, its assets, and the Company's CSE listing.

On October 13, 2021, the Company announced that the final bid deadline in connection with the SISP has been extended with regards to the Company's US financial assets. The final bids for selected qualified bidders is expected to be on or about November 15, 2021.

Flint & Embers Product Line Enters the Ontario Market

On July 20, 2021, the Company successfully shipped its first orders of its flagship brand, Flint & Embers, to the Ontario Cannabis Store ("**OCS**") for retail sale. The OCS is Ontario's only legal online retailer and is responsible for the wholesale distribution of recreational cannabis products to private retailers in the province.

Executive Team Change

On September 2, 2021, Pat Witcher resigned as the Company's Chief Executive Officer to pursue other interests. Pat will remain as a director of MJardin where he will continue to support the Company during its previously announced restructuring process. The Board has appointed Anthony Dutton, a current MJardin board member, as interim Chief Executive Officer of the Company while it completes its previously announced SISP.

Closure of the Warman Facility

During Q3 2021, the Company permanently closed the Warman Facility. The Company will not retain the facility's Health Canada license. The shutdown of the Warman Facility required the Company to terminate 17 employees in Canada and the United States to enable the Company to preserve cash flow. The Company is working with its business partners on selling the 120,000 square foot building located in Winnipeg, Manitoba.

Change of Auditor

On October 28, 2021, Baker Tilly WM LLP was appointed as the new auditor of the Company for the year ended December 31, 2021. The effective date of the appointment is November 2, 2021.

OPERATING RESULTS

WILL

During the three and nine months ended September 2021, the WILL Facility continued to operate at full capacity with approximately 493 kg and 1,636 kg of dried flower being harvested, respectively, from its 12 licensed grow rooms (Q3 2020 – 210 kg, YTD 2020 – 447 kg). For the three and nine months ended September 30, 2021, the WILL Facility sold approximately 514 kg and 1,132 kg, respectively, of cannabis products generating wholesale revenues of $0.3 million and $0.9 million, respectively (2020 – $0.7 million and $0.7 million) and retail revenues of $0.8 million and $2.2 million, respectively (2020 - $nil). Retail sales are expected to increase as the Company sells through additional retail channels and adds additional product offerings. The WILL Facility is fully staffed.

GRO

Production at the GRO Facility continued to operate at full capacity during the three and nine months ended September 30, 2021 with approximately 373 kg and 917 kg of dried flower being harvested, respectively (Q3 2020 – 244 kg, YTD 2020 – 347 kg). Cannabis produced at the facility is bulk packaged and shipped to the WILL Facility for testing and further processing.

Warman

During the three months ended September 30, 2021, the Company halted construction activities and shut down the Warman facility in response to market conditions. The Company will not retain the facility's Health Canada licensing in place. During 2021, the Warman Facility was being used primarily as a research facility for the development of new phenotypes. The Company is working with its business partners on selling the building located in Winnipeg, Manitoba.

AMI

The Company's 39% portion of the net loss (earnings) from AMI for the three and nine months ended September 30, 2021 were $0.8 million and ($3.2 million), respectively, compared to ($3.1 million) and ($4.7 million) for the same periods in 2020. The decline in net earnings from AMI was due to their $0.1 million inventory write-down, $1.9 million fair value loss on inventory sold, and $2.0 million unrealized loss on biological assets recorded in Q3 2021 to which the Company picks up 39% of the impact. As at September 30, 2021, AMI's cash position was $8.1 million. For the three and nine months ended September 30, 2021, AMI's revenues earned were $2.1 million and $8.0 million, respectively, compared

to $2.6 million and $9.2 million for the same periods in 2020.

FINANCIAL RESULTS

Consolidated statements of (loss) income and comprehensive (loss) income

The table below summarizes information regarding the Company's consolidated statements of (loss) income and comprehensive (loss) income:

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
	$		**$**	**$**
Revenues	1,322,789	4,843,102	3,795,812	9,151,699
Direct operating costs	(1,700,261)	(2,090,877)	(3,536,404)	(5,512,253)
Inventory write-down	(1,811,850)	(1,442,554)	(5,649,923)	(1,727,930)
Gross margin before fair value adjustments	**(2,189,322)**	**1,309,671**	**(5,390,515)**	**1,911,516**
Fair value adjustment on the sale of cultivated inventory	1,108,425	253,814	2,058,539	253,814
Unrealized gain on changes in fair value of biological assets	(1,116,938)	(1,466,530)	(5,773,810)	(2,112,730)
Gross margin	**(2,180,809)**	**2,522,387**	**(1,675,244)**	**3,770,432**
Operating expenses				
Sales, general and administrative	1,720,612	3,741,244	5,057,935	11,263,352
Share-based compensation	51,663	1,096,823	1,292,410	2,297,075
Depreciation and amortization	133,042	152,933	372,101	1,098,795
Expected credit loss	363,942	1,792,471	247,779	2,021,806
Total operating expenses	2,269,259	6,783,471	6,970,225	16,681,028
Loss from operations	**(4,450,068)**	**(4,261,084)**	**(8,645,469)**	**(12,910,596)**
Interest expense	5,010,676	7,984,985	15,342,424	16,145,556
Net loss (earnings) from equity investment	777,610	(3,106,134)	(3,158,325)	(4,718,264)
Impairment	11,645,815	–	11,645,815	–
Loss (gain) on loan modifications	–	–	1,264,065	(754,122)
Foreign exchange (gain) loss	(1,013,381)	683,344	(270,377)	(285,202)
Gain on disposition of GreenMart of Nevada, LLC	–	(21,497,444)	–	(21,497,444)
Loss (income) attributable to non-controlling interest	612,835	148,119	315,081	(38,887)
Other (income) loss	(125,632)	75,358	(193,016)	1,749,502
Total other expenses (income)	16,907,923	(15,711,772)	24,945,667	(9,398,861)
(Loss) income before income tax, discontinued operations	**(21,357,991)**	**11,450,688**	**(33,591,136)**	**(3,511,735)**
Income tax (expense) recovery	(87)	(3,438,165)	43,965	(4,556,092)
Income (loss) before discontinued operations	**(21,358,078)**	**8,012,523**	**(33,547,171)**	**(8,067,827)**
Loss from discontinued operations	–	(774,469)	-	(5,303,809)
Net (loss) income	**(21,358,078)**	**7,238,054**	**(33,547,171)**	**(13,371,636)**
Other comprehensive (loss) income	(1,682,089)	1,148,045	(274,367)	480,483
Total comprehensive (loss) income	**(23,040,167)**	**8,386,099**	**(33,821,538)**	**(12,891,153)**
Total comprehensive (loss) income attributable to:				
Shareholders of MJardin Group, Inc.	(23,653,002)	8,237,980	(34,136,619)	(12,852,266)
Non-controlling interest	612,835	148,119	315,081	(38,887)
Total comprehensive (loss) income	**(23,040,167)**	**8,386,099**	**(33,821,538)**	**(12,891,153)**

Revenue

Revenue from cannabis sold for the three and nine months ended September 30, 2021 was $1.1 million and $3.1 million, an increase of 54% and 325%, respectively, compared to the same periods in the prior year as the Company did not begin to generate cannabis sales until Q3 2020. Cannabis sold through retail channels are expected to continue to increase as the Company is actively working to enter new Canadian markets, such as Quebec, and add additional product offerings.

Revenue for the three and nine months ended September 30, 2021 was $1.3 million and $3.8 million, a decrease of 73% and 59%, respectively, compared to the same periods in the prior year. The Company either cancelled or amended several MSAs and reduced the breadth of services offered to its US customers. For the three and nine months ended September 30, 2021, rental revenue decreased to $0.2 million and $0.6 million, a decrease of 96% and 93%, respectively, when compared to the same period in 2020. This decline in revenue resulted from the Company's strategy to exit the MSA business and will allow for greater focus on the development of the Canadian cannabis cultivation business.

For the three and nine months ended September 30, 2021, there were four and six significant customers who

represented 30% and 86% of the Company's revenue, respectively, whereas there was only one significant customer who represented 58% and 55% of the Company's revenue for the same periods in 2020.

Direct operating costs

Direct operating costs for the three and nine months ended September 30, 2021 were $1.7 million and $3.5 million, a decrease of 19% and 36%, respectively, compared to the same periods in the prior year. The reduction in direct operating costs is in line with the reduction in revenue noted above.

Inventory write-down

The Company measures inventory at the lower of cost and net realizable value, resulting in an inventory write-down for the three and nine months ended September 30, 2021 of $1.8 million and $5.6 million (three and nine months ended September 30, 2020 - $1.4 million and $1.7 million), which is on the unaudited condensed interim consolidated statements of (loss) income and comprehensive (loss) income.

During the three months ended September 30, 2021, the Company recorded an inventory write-down of $958,268 on dried cannabis that was old and unsellable and a write-down of $853,582 on dried cannabis that had cost greater than net realizable value (three months ended September 30, 2020 - $nil and $511,768).

During the nine months ended September 30, 2021, the Company recorded an inventory write-down of $3,517,221 on dried cannabis that was old and unsellable and a write-down of $2,132,702 on dried cannabis that had cost greater than net realizable value (nine months ended September 30, 2020 - $1,216,162 and $511,768).

Sales, general, and administrative

Sales, general, and administrative expenses for the three and nine months ended September 30, 2021 decreased $2.0 million and $6.2 million, or 54% and 55%, respectively, to $1.7 million and $5.1 million compared to the same periods in 2020. The reduction in sales, general, and administrative expenses was primarily due to $1.2 million and $3.3 million reductions in payroll and benefits for the three and nine months ended September 30, 2021 due to reduced headcount and $0.1 million and $1.0 million related to Canadian COVID-19 wage subsidies received, respectively. Additional reductions have been realized through $0.7 million and $2.1 million less professional and consulting fees in Q3 2021 and YTD 2021, respectively, compared to Q3 2020 and YTD 2020 due to the Company exiting the business of U.S. managed services.

Impairment

Impairment for the three and nine months ended September 30, 2021 was $11.6 million (2020 - $nil). The impairment loss was recognized on the Warman Facility's assets due to the shutdown, whereby the building was written down by $3.1 million and the leasehold improvements were written down by $8.5 million.

Net loss

During the three and nine months ended September 30, 2021, the Company's net loss decreased to $21.4 million and $33.6 million, respectively, from a net income of $7.2 million and a net loss of $13.4 million in the prior periods. The increase in net loss was primarily due to an impairment loss of $11.6 million recognized on the Warman Facility for the three and nine months ended September 30, 2021 (2020 - $nil). As well, during the three and nine months ended September 30, 2020, a $21.5 million gain on the disposition of GreenMart of Nevada, LLC resulted in net income and a reduced net loss during those respective periods.

Consolidated statements of financial position

The table below summarizes information regarding the Company's consolidated statements of financial position:

	September 30, 2021	December 31, 2020
	$	$
Cash	626,443	1,511,921
Biological assets	839,488	1,612,817
Inventory	6,482,128	4,486,483
Property, plant and equipment	25,228,867	41,489,341
Investments	39,656,025	36,494,794
Total assets	85,950,907	100,784,733
Long-term debt	167,917,756	-
Total liabilities	208,193,246	190,548,165
Working capital	(13,777,391)	(161,944,812)

Biological Assets

The following table is a summary of the biological assets movement for the periods ended September 30, 2021 and December 31, 2020:

$	Amount
Balance at January 1, 2020	148,209
Unrealized gain on changes in fair value of biological assets	3,827,226
Production costs capitalized	3,417,909
Transferred to inventory upon harvest	(5,780,527)
Carrying amount, December 31, 2020	1,612,817
Unrealized gain on changes in fair value of biological assets	5,773,810
Production costs capitalized	3,557,648
Transferred to inventory upon harvest	(10,104,788)
Carrying amount, September 30, 2021	**839,487**

Inventory

Inventory is comprised of the following and is valued at the lower of cost and net realizable value:

	As at September 30, 2021			As at December 31, 2020		
	Capitalized Cost $	Fair Value $	Total $	Capitalized Cost $	Fair Value $	Total $
Work-in-process	1,043,214	1,922,259	2,965,473	1,104,179	902,377	2,006,556
Finished goods	1,421,379	2,095,276	3,516,655	1,252,728	1,227,199	2,479,927
Total	**2,464,593**	**4,017,535**	**6,482,128**	**2,356,907**	**2,129,576**	**4,486,483**

Debt Facilities

	September 30, 2021 $	December 31, 2020 $
Term revolving loan – Bank of Nova Scotia prime rate ("BNS Prime Rate") + 9.55% (a)	128,922,884	118,163,970
Term loan – BNS Prime Rate + 9.55% (b)	35,383,504	34,810,095
Term loan – 15% (b)	3,611,368	-
Total	**167,917,756**	**152,974,065**
Current portion of long-term debt	-	(152,974,065)
Long-term debt	**167,917,756**	**-**

(a) Loans owed by the Canadian facilities

In 2018, the Company entered into a secured demand revolving loan agreement with a senior lender, which provided support to the operational facilities in Canada. The loans are guaranteed by 8586985 Canada Corporation, and Highgrade MMJ Corporation (the "Guarantors"). The loans are secured by a general security agreement signed by the Guarantors constituting a first ranking security interest in all personal property of such Guarantor.

During the nine months ended September 30, 2021, the Company and its senior lender executed amendments to its existing loan agreements. The interest payable on existing loan balances will accrue and be added to the loan principal and no longer required to make monthly principal payments on the loan until November 30, 2022 as described in note 12(c) from the waiver received. The entirety of the principal balance, including accrued interest payable up until the repayment date, is due November 30, 2022. As a result, the debt balance has been reclassified from current to long-term on the condensed interim statements of financial position.

As a result of the amendments, the Company recognized a loss on loan modification of $2,209,374, which is offset against the gain on the modified loans owed by the US facilities of $945,310 and is included in the loss on loan modifications line on the unaudited condensed interim consolidated statements of loss and other comprehensive loss. The effective interest rates on the loans after the amendment is 11.42%. Refer to Note 19 for the interest expense incurred on the debt facilities for the three and nine months ended September 30, 2021 and 2020.

(b) Loans owed by the US entities

In 2017, the Company closed a demand loan facility provided by a senior lender. The loan is secured via conditions set forth in a general security agreement with an interest rate of BNS prime rate plus 9.55% per annum.

During the nine months ended September 30, 2021, the Company and its senior lender executed amendments to its existing loan agreements. The interest payable on existing loan balances will accrue and be added to the loan principal and no longer required to make monthly principal payments on the loan until November 30, 2022 as described in note 12(c) from the waiver received. The entirety of the principal balance, including accrued interest payable up until the repayment date, is due November 30, 2022. As a result, the debt balance has been reclassified from current to long-term on the condensed interim statements of financial position.

As a result of the amendments, the Company recognized a gain on loan modification of $945,310, which is offset against the loss on the modified loans owed by the Canadian facilities of $2,209,374 and is included in the loss on loan modifications line on the unaudited condensed interim consolidated statements of loss and other comprehensive loss. The effective interest rates on the loans after the amendment range from 9.49% to 14.22%. Refer to Note 19 for the interest expense incurred on the debt facilities for the three and nine months ended September 30, 2021 and 2020.

During the nine months ended September 30, 2021, the Company closed a second demand loan facility provided by a senior lender. The loan is secured via conditions set forth in a general security agreement with an interest rate of 15% per annum. As at September 30, 2021, the Company drew down $4,524,954 of the $5,325,525 available amount of this loan facility. During the nine months ended September 30, 2021, the Company made a net repayment of $2,601,571 on the loans owed by the US entities (2020 – net proceeds of $1,667,867).

(c) Financial covenants of the loans

In 2020, the Company did not make a scheduled repayment of the term loans and did not meet its two financial covenants pursuant to the debt facilities, the senior leverage ratio being less than 4.5 to 1.0 and the fixed charge coverage ratio being greater than 1.2 to 1.0 for the last fiscal quarter of 2020. As at December 31, 2020, the Company was not in compliance with the financial covenants.

During the nine months ended September 30, 2021, the Ontario Superior Court of Justice appointed PricewaterhouseCoopers Inc. as receiver ("Receiver") and manager over the assets, undertakings, and properties of the Company's senior lender. Since then, the Company has been in contact with the Receiver regarding the loan agreements. The Company and the Receiver then entered into additional waivers with respect to the loan agreements and the maturity date for the principal balance, including interest payable thereon, was extended to November 30, 2022. Pursuant to the additional waivers, the Company is no longer required to assess compliance with the financial covenants and the principal balance, including interest payable thereon, is due November 30, 2022.

OUTLOOK

The Company has been focused on generating products through its various cannabis facilities and developing relationships with new customers, mainly through retail channels. The MJardin team has decades of combined experience in designing, building and operating cannabis facilities. Management is confident in their projections of meeting the following key operating deliverables in 2021:

- Provincial approvals for the retail distribution of both the Flint & Embers brand as well as ROBES branded products across all major Canadian markets. The Company has been successful in selling product to the Alberta, Ontario, and British Columbia provincial bodies, and has made progress towards entering the Quebec market.
- Continued pursuit of long-term supply agreements to ensure uptake of full production capability.
- Continued progress towards a strategic company-wide initiative that maximizes value for all of the Company's stakeholders.

The objectives listed above are subject to the risk factors identified below as well as the potential impact that the ongoing COVID-19 pandemic may have.

LIQUIDITY AND CAPITAL RESOURCES

The Company relies primarily on loans to finance its operations and meet its capital requirements. The Company's objectives when managing its liquidity and capital resources are to maintain a sufficient capital base to fund its working capital requirements and business development plans.

Total current assets and total current liabilities as at September 30, 2021 are $20.4 million and $34.2 million, respectively (December 31, 2020 - $22.8 million and $184.7 million). Working capital as at September 30, 2021 was in a deficit position of $13.8 million compared to a working capital deficit of $161.9 million as at December 31, 2020. Total cash position was $0.6 million as at September 30, 2021 compared to $1.5 million as at December 31, 2020. The increase in working capital from December 31, 2020 to September 30, 2021 is due to the reclassification of the Company's debt from current to long-term as a result of the amendments to the existing loan agreements, whereby the maturity date of the loans were extended to November 30, 2022.

Management acknowledges that there is significant uncertainty over the Company's ability to meet its funding and working capital requirements as they fall due. For the Company to satisfy its current debt requirements, a debt restructuring, additional term debt, an asset sale, equity financing or some other corporate transaction will be required. However, the outcome of these matters cannot be predicted with certainty at this time. Please see the "Risk Factors" section of this MD&A for further discussion. The Company has successfully ramped up production at its Canadian cultivation facilities, and management will be ramping up sales of cannabis through retail channels to generate more cash to meet the demands of current liabilities.

Financial Covenants

In 2020, the Company did not make a scheduled repayment of the term loans and did not meet its two financial

covenants pursuant to the debt facilities, the senior leverage ratio being less than 4.5 to 1.0 and the fixed charge coverage ratio being greater than 1.2 to 1.0 for the last fiscal quarter of 2020. As at December 31, 2020, the Company was not in compliance with the financial covenants.

During the nine months ended September 30, 2021, the Ontario Superior Court of Justice appointed PricewaterhouseCoopers Inc. as receiver ("Receiver") and manager over the assets, undertakings, and properties of the Company's senior lender. Since then, the Company has been in contact with the Receiver regarding the loan agreements. The Company and the Receiver then entered into additional waivers with respect to the loan agreements and the maturity date for the principal balance, including interest payable thereon, was extended to November 30, 2022. Pursuant to the additional waivers, the Company is no longer required to assess compliance with the financial covenants and the principal balance, including interest payable thereon, is due November 30, 2022.

Operating Activities

Cash provided for (used in) operating activities during the nine months ended September 30, 2021 was $1.4 million compared to ($4.0 million) in the prior period. Changes in working capital provided $6.5 million of cash during the nine months ended September 30, 2021 compared to $12.0 million in the prior period.

Investing Activities

During the nine months ended September 30, 2021, cash used from investing activities was $1.7 million compared to $2.4 million in the prior period. The cash used from investing activities during the nine months ended September 30, 2021 related to $1.7 million leasehold improvements at the Warman Facility and was primarily used for construction activities at the Warman Facility.

Financing Activities

Cash used for financing activities during the nine months ended September 30, 2021 was $0.5 million consisting primarily of $3.5 million of debt proceeds received from the senior lender and $0.4 million proceeds received from the Peguis promissory note payable, offset by $4.2 million repayment of debt to the senior lender and $0.2 million repayment of finance leases. Cash generated from financing activities during the nine months ended September 30, 2020 was $0.5 million consisting primarily of $5.0 million loan proceeds from the senior lender and $1.0 million common shares issued offset by $3.8 million repayment of the Peguis promissory note payable as part of the Warman land disposition that occurred during the first quarter of 2020, $1.3 million loan repayment to the senior lender, and $0.3 million repayment of finance leases.

SELECTED QUARTERLY FINANCIAL INFORMATION

Quarterly Results	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Revenue	$ 1,322,789	$ 1,118,769	$ 1,354,254	$ 2,284,570
Direct operating costs	(1,700,261)	(844,324)	(991,819)	(1,699,065)
Inventory write-down	(1,811,850)	(3,079,455)	(758,618)	(260,634)
Gross margin before fair value adjustments	(2,189,322)	(2,805,010)	(396,183)	324,871
Net loss	(21,358,078)	(9,153,268)	(3,035,825)	(21,468,897)
Basic and diluted loss per share - continuing operations	(0.22)	(0.09)	(0.03)	(0.34)
Basic and diluted loss per share - discontinued operations	–	–	–	(0.05)
Basic and diluted loss per share	(0.22)	(0.09)	(0.03)	(0.39)
EBITDA	(16,214,273)	(3,534,798)	1,872,460	(14,467,279)
Adjusted EBITDA	(2,091,639)	(687,435)	1,133,321	(2,026,945)
Assets	85,950,907	101,107,258	104,344,609	100,784,733
Liabilities	$208,193,246	$200,973,928	$196,465,114	$190,548,165

Quarterly Results	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Revenue	$ 4,843,102	$ 2,105,015	$ 2,203,582	$ 1,397,294
Direct operating costs	(2,090,877)	(1,503,416)	(1,917,960)	(1,258,360)
Inventory write-down	(1,442,554)	(285,376)	–	–
Gross margin before fair value adjustments	1,309,671	316,223	285,622	138,934
Net loss	7,238,054	(12,496,455)	(8,113,236)	(234,109,282)
Basic and diluted loss per share - continuing operations	0.09	(0.08)	(0.12)	(3.27)
Basic and diluted loss per share - discontinued operations	(0.01)	(0.04)	(0.01)	(0.03)
Basic and diluted loss per share	0.08	(0.12)	(0.13)	(3.30)
EBITDA	18,814,137	(7,582,405)	(2,802,925)	(237,267,850)
Adjusted EBITDA	70,831	(1,897,262)	(3,218,720)	(12,085,905)
Assets	117,621,559	148,758,545	157,354,414	163,821,461
Liabilities	$187,641,081	$228,409,106	$226,867,091	$224,542,093

NON-GAAP FINANCIAL MEASURES

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are not recognized, defined, or standardized measures under IFRS and may not be compared to similar measures presented by other issuers. EBITDA is an operational metric used by management, calculated as net loss before finance charges, depreciation and amortization, and income taxes. Adjusted EBITDA is an operational and financial metric used by management, calculated as and including, but not limited to: net loss before fair value adjustment to biological assets and inventory; acquisition costs; share-based compensation; depreciation and amortization; (gain) loss on revaluation of derivative liabilities; finance and investment expense (income); interest (income) expense; loss on sale of assets; loss due to rare events; insurance proceeds; foreign exchange loss; impairment of inventory; impairment of property, plant and equipment; impairment of intangible assets and goodwill; current income tax (recovery) expense; and deferred income tax recovery. Management believes Adjusted EBITDA is a useful financial metric to assess the Company's operating performance before the impact of non-cash items and acquisition related activities, as well as generally non-recurring gains and losses.

The following is a reconciliation of Adjusted EBITDA to EBITDA and to net income (loss), which is a GAAP financial measure contained herein.

	Three months ended Sep 30,		Nine months ended Sep 30,	
	2021	**2020**	**2021**	**2020**
Net loss	**(21,358,078)**	**7,238,054**	**(33,547,171)**	**(13,371,636)**
Adjustments:				
Income tax expense (recovery)	87	3,438,165	(43,965)	4,556,092
Interest expense	5,010,676	7,984,985	15,342,424	16,145,556
Depreciation and amortization	133,042	152,933	372,101	1,098,795
EBITDA	**(16,214,273)**	**18,814,137**	**(17,876,611)**	**8,428,807**
Inventory write-down	1,811,850	1,442,554	5,649,923	1,442,554
Share-based compensation	51,663	1,096,823	1,292,410	2,297,075
Fair value adjustment on the sale of cultivated inventory	1,108,425	253,814	2,058,539	253,814
Unrealized gain on changes in fair value of biological assets	(1,116,938)	(1,466,530)	(5,773,810)	(2,112,730)
Loss from discontinued operation	-	774,469	-	5,303,809
Gain on disposition of GreenMart of Nevada, LLC	-	(21,497,444)	-	(21,497,444)
Severance costs	107,610	98,915	268,118	136,071
Warman operating costs	461,695	-	1,378,942	-
Impairment	11,645,815	-	11,645,815	-
Loss (gain) on loan modification	-	-	1,264,065	(754,122)
Net loss (earnings) from equity investment	777,610	(3,106,134)	(3,158,325)	(4,718,264)
Other loss (income)	288,285	(5,858)	(193,016)	1,710,615
Foreign exchange (gain) loss	(1,013,381)	683,344	(270,377)	(285,202)
Adjusted EBITDA	**(2,091,639)**	**(2,911,910)**	**(3,714,327)**	**(9,795,017)**

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

CONTRACTUAL OBLIGATIONS

In the normal course of business, the Company had the following obligations to make future payments as at September 30, 2021:

	Within 1 year	2 to 5 years	More than 5 years	Total
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	11,381,496	-	-	11,381,496
Due to related parties	253,705	-	-	253,705
Income taxes payable	15,332,156	-	-	15,332,156
Promissory notes payable	6,845,876	2,696,276	-	9,542,152
Finance leases	374,233	1,751,443	985,023	3,110,699
Long-term debt	-	161,254,287	-	161,254,287
Total	**34,187,466**	**165,702,006**	**985,023**	**200,874,495**

RELATED PARTY TRANSACTIONS

In the ordinary course of business, under market terms and conditions comparable to those provided to unrelated third parties, the Company generates revenue from the following related parties; PotCo LLC, Next 1 Labs, Cloud 9 Support LLC, and F&L Warm Springs LLC. These transactions are considered related party in nature since a director on the board of the Company co-founded and is the managing partner of PotCo LLC and owns Next1 Labs, Cloud 9 Support LLC, and F&L Warm Springs LLC. A summarized table of the amounts as at September 30, 2021 and December 31, 2020 are as follows:

	September 30, 2021 $	December 31, 2020 $
Other related party	7,955	107,010
AMI (b)	-	203,206
Next 1 Labs	-	10,142
PotCo LLC	-	66,926
Expected credit loss	-	(201,226)
Due from related parties - Current	**7,955**	**186,058**
F&L WarmSprings LLC (a)	637,050	854,130
Due from related parties - Non-current	**637,050**	**854,130**

(a) Interest is payable in monthly installments at a rate of 15% per annum. An amended promissory note agreement was signed in April 2021 with the full principal amount of US $500,000 due on December 31, 2022.

(b) The Company holds an investment in AMI as described in Note 9.

Due to related parties as at September 30, 2021 is $253,705 (December 31, 2020 - $353,919). This amount is owed to directors of the Company and minority shareholders.

The following table provides a summary of the amounts owed for services provided from related parties:

	Three months ended September 30,		Nine months ended September 30,	
	2021 $	2020 $	2021 $	2020 $
Fees from cultivation and management services	-	2,101,464	-	2,341,061
Interest income	23,623	24,976	70,386	76,167
Total revenues from related parties	**23,623**	**2,126,440**	**70,386**	**2,417,228**
Director fees	127,255	174,451	336,408	395,165
Total costs from related parties	**127,255**	**174,451**	**336,408**	**395,165**

GOING CONCERN

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

For the nine months ended September 30, 2021, the Company reported a net loss of $33,547,171 (September 30, 2020 – $13,371,636), cash inflow from operating activities of $1,386,322 (September 30, 2020 – outflow of $3,979,801), working capital deficit of $13,777,391 (December 31, 2020 – $161,944,812), and an accumulated deficit of $417,260,657 (December 31, 2020 – $383,713,486).

These conditions create a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities, which may be necessary should the Company be unable to continue as a going concern.

Management acknowledges that there is significant uncertainty over the Company's ability to meet its funding requirements as they fall due. The Company's ability to continue in the normal course of operations is dependent on its ability to raise additional capital through debt financings, sales of assets, and to start generating positive cash flow from operating activities before changes in working capital. While the Company has been successful in raising capital in the past, there is no assurance that it will be successful in closing further financing in the future.

a) Debt facilities

As at December 31, 2020, the Company was not in compliance with its financial covenants described in note 12c). During the nine months ended September 30, 2021, the Ontario Superior Court of Justice appointed PricewaterhouseCoopers Inc. as receiver ("Receiver") and manager over the assets, undertakings, and properties of the Company's senior lender. Since then, the Company has been in contact with the Receiver regarding the loan agreements. The Company and the Receiver then entered into additional waivers with respect to the loan agreements

and the maturity date for the principal balance, including interest payable thereon, was extended to November 30, 2022. Pursuant to the additional waivers, the Company is no longer required to assess compliance with the financial covenants and the principal balance, including interest payable thereon, is due November 30, 2022.

Although management believes the Company will be successful in ramping up production at its cultivation facilities to generate cash flows to begin to meet future debt requirements, the outcome of these matters cannot be certain at this time. In the event that the Company cannot meet its repayment obligation on November 30, 2022, the Company will look to alternative sources of financing, delay capital expenditures, evaluate potential asset sales, and/or potentially could be forced to curtail or cease operations or seek relief under applicable bankruptcy or insolvency laws.

b) COVID-19 contagious disease

During the three months ended September 30, 2021, COVID-19 had an adverse impact on local economics and the global economy. COVID-19 affected the Company's ability to continue its operations at its facilities in the first half of 2021, particularly Will, and resulted in temporary shortages of staff to the extent its workforce is impacted. The Company made active efforts to minimize the impact of COVID-19. Facilities were professionally cleaned to support the staff's return to work and mitigate any potential facility outbreak. Additional equipment vendors were sourced to address suppliers who became no longer available or had a lack of supplies on hand. A potential facility outbreak, if uncontrolled, could have a material adverse effect on our business, financial condition, results of operations, and cash flows including lost revenue. The Company's operations are considered an essential service in all jurisdictions and all facilities are continuing to operate with protocols in place to prevent the spread of the virus. There was no significant impact on revenues from COVID-19. The Company continues to monitor and assess the impact that COVID-19 will have on the business.

c) Sales and investment solicitation process (SISP)

During the nine months ended September 30, 2021, the Board of Directors formed a special committee of independent directors (the "Special Committee") to explore, review and evaluate a broad range of strategic alternatives for the Company due to its limited capital resources, with a view to identifying a transaction that is in the best interests of stakeholders. These alternatives may include continuing as a standalone public company, material asset dispositions, going private, undertaking a recapitalization or other restructuring transaction, or being purchased by a strategic partner. The Company has not made any decisions related to strategic alternatives at this time, and there can be no assurance that the evaluation of strategic alternatives will result in any transaction or change in strategy. The Company announced that the Special Committee engaged Restructur Advisors as its strategic advisor and that Canaccord Genuity Corp. had resigned as financial advisor to the Special Committee.

Further, the Special Committee recommended that the Company conduct a formal and wide-ranging sales and investment solicitation process ("SISP") in order to identify all potential options to maximize value for all of the Company's stakeholders. In response, Restructur Advisors, along with the Company's management team, commenced the SISP during the three months ended September 30, 2021 to seek expressions of interest, in any combination, in respect of the Company, its assets, and the Company's CSE listing. The Canadian assets are currently in phase 2, whereby evaluation and due diligence of qualified bids are being assessed.

On October 13, 2021, the Company announced that the final bid deadline in connection with the SISP was extended with regards to the Company's US financial assets. The final bids for selected qualified bidders is expected to be on or about November 15, 2021.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

See Note 2e) from the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2021 and 2020 for more information. There were no changes to existing accounting policies of the Company for the three and nine months ended September 30, 2021.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair Value Hierarchy

The estimated fair values of the cash, restricted cash, accounts receivable, due from related parties, investments, accounts payable and accrued liabilities, due to related parties, convertible debt, promissory notes payable, and indemnity liabilities approximate their carrying values due to the relatively short-term nature of the instruments. The

estimated fair values of long-term deposits and long-term debt approximate carrying values since effective interest rates are not significantly different from market rate. The carrying value of the debt differs from the fair value due to transaction costs. The carrying value of the long-term deposits differ from the fair value at inception since they are non-interest bearing.

Financial instruments recorded at fair value on the condensed interim consolidated financial statements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no changes to the classification of financial instruments using the fair value hierarchy as shown below:

$	Level 1	Level 2	Level 3	**Total**
As at September 30, 2021				
Investment in DNA Genetics	-	-	1,913,005	1,913,005
As at December 31, 2020				
Investment in DNA Genetics	-	-	1,910,101	1,910,101

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash, restricted cash, accounts receivable, and related parties receivable. The Company assessed the collectability of its accounts receivable and related party receivable, and as at September 30, 2021, an expected credit loss amount of $nil (December 31, 2020 – $739,314) was recorded consistent with Note 4. The risk for cash is mitigated by holding these instruments with highly rated financial institutions. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. Accounts receivable primarily consist of amounts due from the sales tax credits that the Company expects to fully recover. The risk exposure is limited to their carrying amounts at the condensed interim consolidated statements of financial position date. As at September 30, 2021 and December 31, 2020, the Company's maximum percentage exposure to credit risk is represented by its largest customer in dollar value. This amounts to 34% and 46%, respectively, of consolidated accounts receivable. As at September 30, 2021 and December 31, 2020, the Company's maximum dollar value exposure to credit risk is $2,900,984 and $10,163,990, respectively. This is determined as the total amount of cash, restricted cash, accounts receivable, and due from related parties as at the date of the condensed interim consolidated statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing, and investing activities.

The Company's cash flow is generated from debt financing or equity raises. The Company monitors cash on a regular basis and reviews expenses and overhead to ensure costs and commitments are being paid in a timely manner. Management has worked with and negotiated with vendors to ensure payment arrangements are satisfactory to all parties and that monthly cash commitments are managed within the Company's operating cash flow capabilities.

During the nine months ended September 30, 2021, the Ontario Superior Court of Justice appointed PricewaterhouseCoopers Inc. as receiver ("Receiver") and manager over the assets, undertakings, and properties of the Company's senior lender. Since then, the Company has been in contact with the Receiver regarding the loan agreements. The Company and the Receiver then entered into additional waivers with respect to the loan agreements and the maturity date for the principal balance, including interest payable thereon, was extended to November 30, 2022. Pursuant to the additional waivers, the Company is no longer required to assess compliance with the financial covenants until November 30, 2022 and the principal balance, including interest payable thereon, is due November 30, 2022.

As at September 30, 2021, the Company had a cash balance of $626,443. The following table summarizes the amounts and maturity dates of the Company's contractual obligations as at September 30, 2021:

	Within 1 year	2 to 5 years	More than 5 years	Total
	$	$	$	$
Accounts payable and accrued liabilities	11,381,496	-	-	11,381,496
Due to related parties	253,705	-	-	253,705
Income taxes payable	15,332,156	-	-	15,332,156
Promissory notes payable	6,845,876	2,696,276	-	9,542,152
Finance leases	374,233	1,751,443	985,023	3,110,699
Long-term debt	-	161,254,287	-	161,254,287
Total	**34,187,466**	**165,702,006**	**985,023**	**200,874,495**

(c) Market risk

Currency risk
Currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at September 30, 2021, the Company had functional currencies of Canadian dollars and US dollars for US subsidiaries' financial assets and liabilities for which cash flows were denominated in foreign currencies. Management closely monitors the fluctuation of the Company's foreign currency and believes the foreign currency exchange risk derived from its other activities is low, so therefore, does not hedge the foreign currency exchange risk arising from these activities. The impact on net income (loss) from changes in the foreign exchange rates are shown in the table below:

	Net income (loss)			
	September 2021		September 2020	
	-100 bps	+ 100 bps	- 100 bps	+ 100 bps
USD/CAD	$ (389,949)	$ 389,949	$ (327,275)	$ 327,275

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing assets other than cash. The Company's debt facilities carry interest at prime rate plus a fixed rate. The Company is exposed to fluctuations in the prime rate.

The table below details the effect on income (loss) before tax of a 100-basis points strengthening or weakening of the BNS Prime Rate on the debt facilities. 100-basis points sensitivity is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates:

	Net income (loss)			
	September 2021		September 2020	
	-100 bps	+ 100 bps	- 100 bps	+ 100 bps
BNS Prime rate	$ 497,444	$ (501,975)	$ 388,224	$ (391,760)

ISSUERS WITH U.S. CANNABIS-RELATED ASSETS

On February 8, 2018, the Canadian Securities Administrators revised their previously released Staff Notice 51-352 Issuers with U.S. Marijuana-Related Activities (the "**Staff Notice**") which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular State's regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents in order to fairly present all material facts, risks and uncertainties about issuers with U.S. cannabis-related activities.

Such disclosure includes, but is not limited to: (i) a description of the nature of a reporting issuer's involvement in the U.S. cannabis industry; (ii) an explanation that cannabis is illegal under U.S. federal law and that the U.S. enforcement approach is subject to change; (iii) a statement about whether and how the reporting issuer's U.S. cannabis-related activities are conducted in a manner consistent with U.S. federal enforcement priorities; and (iv) a discussion of the

reporting issuer's ability to access public and private capital, including which financing options are and are not available to support continuing operations. Additional disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the U.S. cannabis industry, or deemed to have "ancillary industry involvement", all as further described in the Staff Notice.

As a result of the Company's existing operations and acquisitions in the United States, MJardin provides the following disclosure.

Regulatory Overview

Below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is indirectly involved. The Company or its subsidiaries are indirectly engaged in the manufacture, possession, use, sale, or distribution of cannabis in the States of Nevada and Colorado. The Company is in compliance with the applicable enacted licensing requirement in the State of Nevada and is in compliance with the applicable enacted regulatory framework for the States of Nevada and Colorado.

The Company or its subsidiaries are or are expected to be indirectly engaged in the manufacture, possession, use, sale, or distribution of cannabis in the medicinal cannabis marketplace in the State of Nevada. The Company is not aware of any non-compliance with any applicable licensing requirements or regulatory framework enacted by the State of Nevada.

The Company will evaluate, monitor, and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on the Company's license, business activities or operations will be promptly disclosed by the Company.

Legal Advice

Legal advice has been obtained by the Company regarding applicable U.S. federal and state law.

Regulation of Cannabis in the United States Federally

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the "**CSA**"). Pursuant to the CSA, cannabis is classified as a Schedule I controlled substance. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, lacks safety for use under medical supervision and a high potential for abuse. The Department of Justice defines Schedule I drugs, substances or chemicals as "drugs with no currently accepted medical use and a high potential for abuse."

The United States Food and Drug Administration has not approved cannabis as a safe and effective drug for any use.

Canada has federal legislation which uniformly governs the cultivation, processing, distribution, sale and possession of both medical and recreational cannabis under the Cannabis Act, as well as various provincial and territorial regulatory frameworks that further govern the distribution, sale and consumption of recreational cannabis within the applicable province or territory. In contrast, cannabis is only permissively regulated at the state level in the United States.

State laws in the United States regulating cannabis are in direct conflict with the CSA, which prohibits cannabis use and possession. Although certain states and territories of the U.S. authorize medical or recreational cannabis cultivation, manufacturing, production, distribution, and sales by licensed or registered entities, under U.S. federal law, the cultivation, manufacture, distribution, possession, use, and transfer of cannabis and any related drug paraphernalia, unless specifically exempt, is illegal and any such acts are criminal acts under the CSA. Although the Company's activities are compliant with applicable United States state law, strict compliance with state laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

The risk of federal enforcement and other risks associated with the Company's business are described in "Risk Factors".

Company Compliance Program

The Company is classified as having direct and indirect involvement in the U.S. marijuana industry and is in material compliance with applicable licensing requirements and the regulatory framework enacted by each U.S. state in which

it operates. The Company is not subject to any citations or notices of violation with applicable licensing requirements and the regulatory framework enacted by each applicable U.S. state which may have an impact on its licenses, business activities or operations.

The Company's CEO or any other individual appointed by him oversees, maintains, and implements the Company's compliance program and personnel. In addition to the Company's internal legal and compliance departments, the Company has state and local regulatory/compliance counsel engaged in every jurisdiction in which it operates.

The Company's CEO or any other individual appointed by him oversees training for all employees, such training includes, but is not limited to, the following topics:

- compliance with state and local laws;
- safe cannabis use;
- security and safety policies and procedures;
- inventory control;
- quality control;
- transportation procedures; and
- extensive ingredient and product testing, often beyond that required by law to assure product safety and accuracy.

The Company's compliance program emphasizes security and inventory control to ensure strict monitoring of cannabis and inventory from delivery by a licensed distributor to sale or disposal.

The Company's CEO or anyone appointed by him monitors all compliance notifications from the regulators and inspectors in each market, timely resolving any issues identified. The Company keeps records of all compliance notifications received from the state regulators or inspectors and how and when the issue was resolved.

Further, the Company has created comprehensive standard operating procedures that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record retention practices related to inventory, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. The Company maintains accurate records of its inventory at all licensed facilities.

Adherence to the Company's standard operating procedures is mandatory and ensures that the Company's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements. The Company ensures adherence to standard operating procedures by regularly conducting internal inspections and ensures that any issues identified are resolved quickly and thoroughly.

The Company will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating procedures. While the Company's operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under United States federal law. For the reasons described above and the risks further described in the "Risk Factors" section below, there are significant risks associated with the business of the Company. Readers are strongly encouraged to carefully read all of the risk factors contained in "Risk Factors".

The Company's Balance Sheet and Operating Statement Exposure to U.S. Marijuana Related Activities

The portion of the Company's condensed interim consolidated financial statements that pertain to U.S. cannabis activity for the three and nine months ended September 30, 2021 and 2020 is outlined in the Financial Results section.

Readers are cautioned that the foregoing financial information, though extracted from the Company's financial systems that supports its Annual Financial Statements, has not been audited in its presentation format and accordingly is not in compliance with IFRS based on consolidation principles.

Regulation of Cannabis at State Levels

The following chart is a summary of the Company's material assets and investments in the United States. The Company is in compliance with the licenses that has been issued to it in the United States. References to "Direct", "Indirect" or "Ancillary" classifications of each asset or investment have the meanings ascribed thereto in the Staff Notice. All of the Company's material investments that give the Company "Direct", "Indirect" and "Ancillary" involvement in the U.S. marijuana industry are included in the table below:

Asset Name and Name of Organization	Description	Type of Relationship, Jurisdiction, and Classification
GreenMart of Nevada, LLC Cheyenne Acquired July 2019	GreenMart is a 30,000 sq. ft indoor facility located in Las Vegas, Nevada. The facility is licensed for cultivation and distribution and produces 5,760 kg/year.	**Type of Relationship:** The Company relinquished control over GreenMart during the year ended December 31, 2020. The license transfer to the buyer is expected to occur in early 2022. **Jurisdiction:** Nevada **Classification:** Indirect
Buddy Boy Brands Financial interest in promissory notes acquired January 2018 and provides services since January 2018	Denver based Buddy Boy operates five cannabis grow operations and seven retail locations in the greater Denver area.	**Type of Relationship:** The Company has a financial interest through holding promissory notes and accrued interest recorded as at September 30, 2021 of approximately US $33.6 million, net of ECL provisions of approximately US $33.6 million. **Jurisdiction:** Colorado **Classification:** Indirect

Below is a summary of the licensing and regulatory framework in the markets where, as of September 30, 2021, the Company held licenses and/or had direct or indirect involvement with the U.S. cannabis industry followed by outlines of the regulatory framework in each of the relevant states.

Nevada

In 2013, the Nevada legislature passed SB374, codified as N.R.S. Chapter 453A, providing for state licensing of medical marijuana establishments. On November 8, 2016, Nevada voters passed Ballot Question 2, codified as N.R.S. Chapter 453D, allowing for the sale of marijuana for adult use starting on July 1, 2017. Under N.R.S. Chapter 453A, medical marijuana establishment registration certificates are available for the following activities: cultivation, production of edible and infused products, dispensing, and laboratory testing. Under N.R.S. Chapter 453D, adult-use marijuana establishment registration certificates are available for the following activities: cultivation, product manufacturing, distribution, retailing, and laboratory testing. All marijuana establishments must apply to the Nevada Department of Taxation ("**DOT**") for registration. Local jurisdictions are also allowed to establish municipal licensing requirements, in which case final DOT licensure is contingent on receipt of all necessary municipal licenses.

The Company is advised by U.S. legal counsel and/or other advisors in connection with Nevada's cannabis regulatory framework. The Company is in compliance with Nevada state law and the related licensing framework.

Colorado

Colorado's medical cannabis program was introduced in November 2000, when 54% of voters approved "Amendment 20". Colorado became the first state in the nation to legalize adult-use cannabis when 55% of voters approved "Amendment 64" in November 2012. The first adult-use dispensaries opened in January 2014. The Colorado Marijuana Enforcement Division regulates Colorado's cannabis regulatory program. The market is divided into three main classes of licenses: cultivation, processing, and retail. Extracted oils, edibles and flower products are permitted.

The Company is advised by U.S. legal counsel and/or other advisors in connection with Colorado's cannabis regulatory framework. The Company is in compliance with Colorado state law and the related licensing framework.

RISK FACTORS

In addition to other risks addressed in this MD&A, and the more extensive discussion regarding risks contained within the annual MD&A, this section summarizes factors relating to the business of the Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should

not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements set forth in this report relating to our financial results, operations and business prospects. Except as required by law, we undertake no obligation to update any such forward-looking statements to reflect events or circumstances after the date of this MD&A.

The Company has announced it is evaluating strategic alternatives available to the Company. There can be no assurances that any transaction will result from these matters and the Company will make updates when circumstances warrant. In addition, there can be no assurance that the rights of the Company's senior lender will not be exercised in relation to an event of default under the Company's loan facilities. Also, there can be no assurance that current cash and cash equivalents are sufficient to meet the Company's forecasted expenditures for the foreseeable future. Finally, there can be no assurance on the success or the sufficiency of the Company being able to secure additional financing in order to meet the Company's forecast expenditures. Other notable risks include, but are not limited to:

- the Company's ability to continue as a going concern and to meet its working capital requirements
- the ability of the Company to satisfy obligations as they become due
- limited operating history
- there are factors which may prevent the Company from the realization of growth targets
- delays in obtaining, or conditions imposed by, regulatory approvals
- facility design errors
- environmental pollution; non-performance by third party contractors; increases in materials or labour costs construction performance falling below expected levels of output or efficiency
- breakdown, aging or failure of equipment or processes
- contractor or operator errors
- operational inefficiencies
- labour disputes, disruptions or declines in productivity; inability to attract a sufficient number of qualified workers; disruption in the supply of energy and utilities
- major incidents and/or catastrophic events such as fires, explosions, storms, pandemics such as COVID-19 or physical attacks
- macroeconomic and other geo-political risks
- construction risk factors
- changes in Canadian laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations
- risks associated with packaging, labelling and advertising cannabis products
- the Company may not be able to develop its products, which could prevent it from ever becoming profitable
- the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates
- the Company will incur costs related to employee health and safety regulation
- the Company faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business
- if the Company is unable to develop and market new products, it may not be able to keep pace with market developments
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market
- the size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data
- the Company targets, among other segments, the premium adult-use cannabis market, which may not materialize, or in which the Company may not be able to develop or maintain a brand that attracts or retains customers
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition
- the rapid growth of the industry may lead to unsuitable alliances
- the Company continues to sell shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders

- the Company currently has insurance coverage; however, because the Company operates within the cannabis industry, there are additional difficulties and complexities associated with such insurance coverage
- the cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others
- wholesale price volatility
- the cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, reliability of delivery and other related risks
- key personnel, officers and directors may be required to obtain security clearance from Health Canada, and the failure of such personnel to obtain such clearances may adversely impact the Company's operations
- under the Cannabis Act, an individual with security clearance must be physically present in any space where other individuals are conducting activities with cannabis
- the Company may be subject to product recalls for product defects self-imposed or imposed by regulators
- the Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on its reputation, business, prospects, results from operations, and financial condition
- product liability claims, regulatory action and litigation related to company's products
- the Company could be susceptible to unknown defects and impairments
- the Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operation results
- the Company is also dependent on access to skilled labour, equipment and parts
- the Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company
- the Company will be reliant on information technology systems and may be subject to damaging cyber-attacks.
- the Company may be subject to breaches of security at its facilities
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest
- reputational risk including publicity or consumer perception
- a portion of the Company's revenue is derived from related parties
    - for the three months ended September 30, 2021, $0.02 million (2020 - $2.1 million) of revenue was derived from related party transactions, which amounts to approximately 2% (2020 - 44%) of total revenue
    - for the nine months ended September 30, 2021, $0.07 million of revenue (2020 - $2.4 million) was derived from related party transactions, which amounts to approximately 2% (2020 - 26%) of total revenue
- negative operating cash flow
- if we have a material weakness in our internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our securities
- vulnerability to rising energy costs
- difficulties with forecasts
- intellectual property risks
- cybersecurity and privacy risk
- the Company may be unable to expand its operations quickly enough to meet demand or manage its operations beyond their current scale
- joint venture and strategic alliance risks
- tax and accounting requirements may change in ways that are unforeseen to the Company and it may face difficulty or be unable to implement or comply with any such changes
- taxes and excise duties may impact demand and profit margins
- volatile market price of the common shares, listed warrants and other securities
- if the Company fails to meet applicable listing requirements, the CSE may delist the Company's common shares from trading, in which case the liquidity and market price of the common shares could decline
- if securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about the Company, the price and trading volume of the Company's common shares could decline
- it is not anticipated that any dividends will be paid to holders of common shares for the foreseeable future.

U.S.-specific Regulatory Risk

The Company engages in the manufacture, possession and sale of cannabis products in the United States. In addition

to other risk items addressed in this MD&A related to US activities, and the more extension discussion regarding US-specific regulatory risks contained within the annual MD&A, this section summarizes factors relating to the business of the Company as it relates to the United States that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. Certain identified U.S.-specific regulatory risks include, but are not limited to:

- enforcement of the U.S. federal law is a significant risk
- risk of civil asset forfeiture
- changes in laws, regulations and guidelines
- U.S. border officials could deny entry into the U.S. to management, employees and/or investors in companies with cannabis operations in the U.S.
- the company is subject to certain anti-money laundering laws and regulation risks
- unfavorable tax treatment of cannabis businesses
- lack of access to U.S. bankruptcy protections
- restricted access to banking
- ability to access capital
- U.S. tax classification of the corporation
- the Company's investments in the U.S. may subject the company to heightened scrutiny

Public Health Crises Including COVID-19

During the three and nine months ended September 30, 2021, the international pandemic of the contagious disease called COVID-19 had an adverse impact on local economics and the global economy, which could adversely impact the price and demand for the Company's products and services. COVID-19 affected the Company's ability to continue its construction at its facilities, particularly the WILL Facility, and resulted in temporary shortages of staff to the extent its workforce is impacted. The Company made active efforts to minimize the impact of COVID-19. Facilities were professionally cleaned to support staff's return to work and mitigate any potential facility outbreak. Additional equipment vendors were sourced to address suppliers who became no longer available or had a lack of supplies on hand. A potential facility outbreak, if uncontrolled, could have a material adverse effect on our business, financial condition, results of operations, and cash flows including lost revenue. The Company's operations are considered an essential service in all jurisdictions and all facilities are continuing to operate with protocols in place to prevent the spread of the virus. The Company is closely monitoring the impact that COVID-19 is having and could have on the business.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the establishment and maintenance of Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR") is the responsibility of management. The DCP and ICFR have been designed by management based on the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to provide reasonable assurance that the Company's financial reporting is reliable and that its financial statements have been prepared in accordance with IFRS.

Regardless of how well the DCP and ICFR are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. These inherent limitations include, but are not limited to, human error and circumvention of controls and as such, there can be no assurance that the controls will prevent or detect all misstatements due to errors or fraud, if any.

Based on the COSO control framework, the CEO and CFO concluded that the design and operation of DCP and ICFR as at September 30, 2021, other than with the scope limitation noted above, were effective and provides reasonable assurance that material information relating to the Company is made known to them, information required to be disclosed by the Company is reported within the required time periods as specified in such legislation, and that the Company's financial reporting is reliable and its financial statements have been prepared in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. There have been no changes to the Company's internal control over financial reporting during the three and nine months ended September 30, 2021 that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

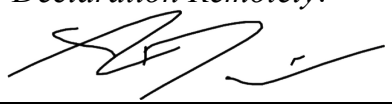
OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had the following securities issued and outstanding:

Common shares	90,140,475
RSUs	103,650
Warrants	1,745,200
Options	5,375,556
Fully diluted	97,364,881

Refer to the Company's unaudited condensed interim consolidated financial statements for a description of these securities as at September 30, 2021.

This is Exhibit "D" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

June 13, 2018

GrowForce Holdings Inc.
47 Colborne St, Suite 301,
Toronto, ON Canada, M5E1P8

Attention: Rishi Gautam

Dear Mr. Gautam,

Re: Amended and Restated Credit facility in favour of GrowForce Holdings Inc. (the "**Borrower**") granted by Bridging Finance Inc. as agent (the "**Agent**") for various lenders which may include itself (such lenders from time to time the "**Lenders**").

The Agent and the Obligors entered into a letter loan agreement dated as of April 23, 2018 (the "**Original Loan Agreement**"). The Borrower now seeks additional financing from the Agent and the Lenders in order to finance the indirect purchase of shares in AtlantiCann Medical Inc. (as further described in the Sub-Facility below entitled "AMI Subfacility") and the Agent and the Obligors now desire to amend and restate the Original Loan Agreement to accommodate this additional financing.

The Agent is pleased to offer the credit facility described in this letter agreement (this "**Agreement**") subject to the terms and conditions set forth herein including, without limitation, the satisfactory completion of the due diligence items described in the "Conditions Precedent" Section of this Agreement. Unless otherwise indicated, all amounts are expressed in Canadian currency. All capitalized terms not otherwise defined in the body of this Agreement shall have the meanings ascribed thereto in Schedule "A".

Borrower:	The Borrower (as defined above)
Guarantors:	GrowForce Manitoba Inc. ("**GF Manitoba**"), 8586985 Canada Corporation ("**8586**"), Grand River Organics Incorporated, ("**GRO**"), Highgrade MMJ Corporation ("**Highgrade**" and together with GF Manitoba, 8586, and GRO, the "**Guarantors**", with the Borrower and the Guarantors collectively referred to as the "**Obligors**" and each individually as an "**Obligor**").
Facility:	Demand revolving loan of up to $90,238,186.00 (the "**Maximum Facility Amount**"), based on the lending formula described herein (the "**Facility**") comprised of the sub-facilities described below.
Sub-Facilities:	**Winnipeg Purchase Subfacility**: The Winnipeg Purchase Subfacility shall be used for the purpose of amending and restating the demand promissory note in the principal amount of $9,500,000 dated February 28, 2018 granted jointly and severally by the Borrower and GF Manitoba in favour of the Agent (the "**Winnipeg PNote**"). The principal amount of the Winnipeg Purchase Subfacility shall be equal to the sum of the outstanding principal amount of, and all outstanding interest owing in respect of the Winnipeg PNote through end of day April 22, 2018, which, for greater certainty, is equal to $9,754,317 (the "**Winnipeg Subfacility Principal Amount**"). The Winnipeg Subfacility Principal Amount shall be considered to be advanced to the Borrower in its entirety on Initial Closing Date. This Agreement amends and restates the Winnipeg PNote. All rights, benefits, indebtedness, interests, liabilities and obligations of the parties to the Winnipeg PNote are hereby amended and restated in their entirety according to the terms and provisions set forth herein. This Agreement does not constitute, nor shall it result in, a waiver of or release, discharge or forgiveness of any amount payable pursuant to the Winnipeg PNote or the documents in favour of the Agent executed in connection therewith (the "**Winnipeg PNote Ancillary Documents**") or any indebtedness, liabilities or obligations of Borrower or GF Manitoba thereunder, all of which are continued and are hereafter payable and to be performed in accordance with

this Agreement and the other Credit Documents. Neither this Agreement nor any other Credit Document extinguishes the indebtedness or liabilities outstanding in connection with the Winnipeg PNote, nor do they constitute a novation with respect thereto. All security interests, pledges, assignments and other Encumbrances previously granted by Borrower or GF Manitoba pursuant to the Winnipeg PNote Ancillary Documents are hereby renewed and continued, and all such security interests, pledges, assignments and other Encumbrances shall remain in full force and effect as security for the Obligations except as modified by the provisions hereof.

Winnipeg Construction Subfacility: The Winnipeg Construction Subfacility shall be used solely for the purpose of financing the retrofitting and build-out costs of the Winnipeg Project. The maximum principal amount of the Winnipeg Construction Subfacility shall be equal to $9,000,000 (the "**Winnipeg Construction Subfacility Maximum Amount**") and shall be drawn in accordance with the following procedure:

A. Provided no Event of Default has occurred and is continuing, each Obligor is in compliance with all terms and conditions herein contained and subject to and fulfilment of the conditions precedent contained in parts B and C of this Section below, with two Business Days prior notice to the Agent, the Agent will advance to the Borrower the amount of the applicable advance of the Facility (each advance of the Facility pursuant to this Agreement is referred to as an "**Advance**") requested by the Borrower on a Business Day requested by the Borrower. No Advance may be requested in an amount less than $500,000 and requests for Advances may be made no more frequently than twice monthly unless otherwise agreed in writing by the Agent. The Borrower shall be required to submit all receipts or invoices associated with a requested Advance to the Agent, at the time of or prior to such request, and the Borrower shall be required to submit an updated Winnipeg Model at such time with a blackline showing changes from the previous Winnipeg Model submitted (to the extent that there are any changes).

B. Prior to the first Advance of the Winnipeg Construction Subfacility the following conditions shall have been satisfied or waived in the sole discretion of the Agent, acting reasonably:
    a. All "Conditions Precedent" set out in this Agreement shall be satisfied or waived; and
    b. The Agent shall have received the Winnipeg Model viability confirmation from the Designated Consultant, and the Agent shall be satisfied in its sole discretion, acting reasonably, with the Winnipeg Model.

C. In addition to the conditions set out in part "B" above, prior to any Advance of the Winnipeg Construction Subfacility (including the first Advance thereof) the following conditions shall have been satisfied in the sole discretion of the Agent, acting reasonably:
    a. the Agent shall have received written confirmation from each Obligor that the representations and warranties contained in this Agreement are true and correct in all material respects as of the date of such subsequent Advance;
    b. the Agent shall be satisfied, in consultation with the Designated Consultant and in its sole discretion, acting reasonably, that such Advance shall be applied to reimburse each Obligor for, or to pay (in respect of invoiced expenses) for, Project expenses that have been incurred or that are (in respect of invoiced expenses) due and payable;
    c. each Obligor shall submit, or cause to be submitted, an updated financing forecast and Winnipeg Model and the Agent, in consultation with the Designated Consultant, shall be satisfied in form and substance with the same, acting reasonably; and
    d. no Material Adverse Change shall have occurred.

Brampton Purchase Subfacility: The Brampton Purchase Subfacility of $38,009,314 shall be used solely for the purpose of financing the $35,000,000 purchase price for the purchase of all of the issued and outstanding capital stock (and rights to obtain capital stock) of 8586 (collectively, the "**8586 Capital Stock**"), $1,062,200.00 representing partial payment of the Work Fee (inclusive of taxes) set out below, and various other closing date transaction expenses set out in the "Irrevocable Direction" executed by, amongst others, the Borrower, as of the Initial Closing Date. 8586 has a leasehold interest in the Brampton Property. Upon closing of such purchase, to occur contemporaneously with the closing of this Agreement, the Borrower shall be the sole owner of the 8586 Capital Stock free and clear of any Encumbrances other than Permitted Encumbrances.

Brampton CapEx Subfacility: The Brampton CapEx Subfacility shall be used solely for the purpose of financing capital expenditures associated with the Brampton Property. The maximum principal amount of the Brampton Capex Subfacility shall be equal to $2,500,000 and shall be advanced at the closing of the Agreement provided that all "Conditions Precedent" set out in this Agreement shall be satisfied or waived.

AMI Subfacility: The AMI Subfacility shall be used solely for the purpose of purchasing 50% of the issued and outstanding Capital Stock in GrowForce AC Holdings Inc. ("**AMI Holdco**"). AMI Holdco shall at all times own one hundred percent (100%) of the issued and outstanding Capital Stock of AtlantiCann Medical Inc. ("**AMI**"). The maximum principal amount of the AMI Subfacility shall be equal to $30,974,555.00 (the "**AMI Subfacility Maximum Amount**") and shall be drawn in accordance with the following procedure:

A. $15,300,000 of the AMI Subfacility Maximum Amount (the "**AMI Subfacility First Advance**") shall, on the date of this Agreement, be advanced to the Borrower, provided that all "Conditions Precedent" set out in this Agreement have been satisfied or waived by the Agent and further provided that the following additional conditions shall have been satisfied:

    (i) the Agent shall be satisfied, acting reasonably, with the contractual agreement between the Borrower and the other shareholders of AMI Holdco regarding the obligation of such other shareholders to fund the AMI Build-Out (such agreement as amended from time to time, the "**AMI Build-Out Agreement**"); and
    (ii) the Agent shall have received a construction build-out plan in respect of the AMI Property satisfactory to the Agent, acting reasonably, setting out a plan with respect to the budget for the AMI Build-Out, including budgeted amounts and timelines for completion (the "**AMI Build-Out Plan**").

    Provided the above matters have been satisfied, the AMI Subfacility First Advance shall be advanced to the Borrower and applied as follows:
    a. all transaction fees associated with this Agreement, including without limitation, all fees set out herein and all third party costs incurred by the Agent, shall be paid from the AMI Subfacility First Advance;
    b. the remainder thereof shall be retained and held by the Agent in escrow and shall be released to the Borrower upon the Agent being satisfied that the following conditions have been satisfied:
        i. AMI is or becomes the 100% owner of the real property municipally known as 41 Estates Road, Lower Sackville, Nova Scotia (the "**AMI Property**";
        ii. an occupancy permit shall have been issued to AMI by Halifax Regional Municipality;
        iii. all "Conditions Precedent" have been satisfied or waived by the

Agent; and

iv. No Event of Default has occurred and is continuing.

B. The remainder of the AMI Subfacility Maximum Amount after advance of the AMI Subfacility First Advance (the "**AMI Subfacility Second Advance**") will be advanced to the Borrower in the event that the following conditions are satisfied:

a. The AMI Subfacility First Advance must have occurred;

b. AMI shall be in receipt of a cultivation license pursuant to the *Access to Cannabis for Medical Purposes Regulations* in form satisfactory to the Agent, acting reasonably;

c. The conditions precedent to any subsequent Advance set out in the section of this Agreement entitled "Conditions Precedent" shall have been satisfied in the discretion of the Lender, acting reasonably.

Term: The earlier of: (i) demand, and (ii) three years from the Initial Closing Date (the "**Term**", with the earlier to occur of such dates referred to as the "**Maturity Date**").

Interest Rate and Fees:

Interest: Annual rate of Prime Rate plus 8.55% per annum calculated on the principal amount of the Facility outstanding, accruing daily and compounded monthly, not in advance. Accrued interest on the outstanding principal amount of the Facility shall be due and payable monthly, in arrears, on the first Business Day of each month provided that prior to the date that is the first day of the fourteenth month from the Initial Closing Date accrued interest on the outstanding principal amount of each Subfacility shall not be payable in cash, and instead shall added to the principal amount of the Facility on the date when such interest would otherwise be payable.

For the purpose of this Agreement, whenever interest or a fee to be paid hereunder is to be calculated on the basis of a year of 365 or 366 days, the yearly rate of interest or the yearly fee to which the rate or fee determined pursuant to such calculation is equivalent is the rate or fee so determined multiplied by the actual number of days in the calendar year of 365 or 366 days in which the same is to be ascertained and divided by either three hundred and sixty (360) or such other period of time, as the case may be.

Administration Fee: If any Obligor fails to pay any amounts on the day such amounts are due, or if any Obligor fails to deliver the reports required to be delivered pursuant to Covenant (xxi) of this Agreement, such Obligor shall pay to the Agent a late administration fee of $100 per day until such date that such payment has been made or such Obligor has delivered such report, as the case may be.

Standby Fee: For each day from the Initial Closing Date and through and including the Maturity Date, the Borrower shall pay a fee in an amount equal to the Winnipeg Construction Subfacility Maximum Amount less the aggregate amount of all Advances under the Winnipeg Construction Subfacility outstanding at the end of each such day; multiplied by 2.00% per annum and divided by 365 or 366, as applicable, (the "**Standby Fee**") depending on the actual number of days in the year in respect of the period for which the Standby Fee is payable. The Standby Fee for each month is payable in arrears on the first day of each calendar month, except that (A) any accrued and unpaid Standby Fee existing on the Maturity Date shall be paid on the Maturity Date, and (B) prior to the first day of the fourteenth month after the Initial Closing Date, the accrued Standby Fee shall be added to the principal amount of the Facility on the date that is was otherwise payable in cash. Notwithstanding the foregoing, any unpaid Standby Fee is immediately due and payable on the Maturity Date.

Work Fee. On the Initial Closing Date, a work fee in the amount of $1,265,600.00, was fully earned by the Lenders, non-refundable, and payable by the Borrower to Agent in

consideration for structuring the Facility (other than the AMI Subfacility) in accordance with the following payment procedures: (a) $1,062,200.00 (inclusive of taxes) of the Work Fee was paid by the Borrower to Agent for the benefit of the Lenders at the time of funding of the Brampton Purchase Subfacility, and (b) $203,400.00 (inclusive of taxes) shall be due and payable by the Borrower to the Agent upon the earliest to occur of (i) demand by the Agent, or (ii) the occurrence of an Event of Default, or (iii) the first advance of the Winnipeg Construction Subfacility, in which case, the Borrower hereby irrevocably directs the Agent to use part of the proceeds of the first advance of such subfacility to pay such amounts. On the date of this Agreement a non-refundable work fee in the amount of $600,000, plus applicable taxes shall be payable the Lenders by the Borrower in consideration for structuring the AMI Subfacility and entering into this Agreement (the "**AMI Workfee**"). The AMI Workfee shall be paid by the Borrower to the Agent as follows:

(i) $300,000 (plus 13% HST for a total of $339,000) from the AMI Subfacility First Advance, and the Borrower directs the Agent to retain from the AMI Subfacility First Advance such amount for the AMI Workfee; and

(ii) $300,000 (plus 13% HST for a total of $339,000) shall be due and payable from and contemporaneous with the AMI Subfacility Second Advance (if any).

Cash Reservation Fee: In consideration for the Agent and the Lenders setting funds aside at the request of the Borrower, in order to have funds available to fund Advances, on date of the first Advance the Borrower has paid to the Holder a cash reservation fee equal to $1,054,758.23 plus applicable taxes, which fee has been added to the outstanding principal amount of the Facility. In addition, in consideration for the Agent and the Lenders setting funds aside at the request of the Borrower, in order to have funds available to fund Advances associated with the AMI Subfacility, on date of the AMI Subfacility First Advance, the Borrower shall pay to the Agent a cash reservation fee equal to $212,055.00 (the "**AMI Cash Reservation Fee**") plus applicable taxes.

Administration and Monitoring Fee. Borrower shall pay to the Agent a fully earned and non-refundable annual administration and monitoring fee in the amount of $24,000, plus applicable taxes. Such fee shall be payable in monthly installments of $2,000 (plus applicable taxes) in advance, on the Initial Closing Date and on the first day of each month thereafter for as long as any Obligations remain outstanding.

Expenses: The Borrower shall pay all reasonable fees and expenses (including, but not limited to, all reasonable due diligence, consultant, field examination and appraisal costs, all reasonable fees and expenses for outside legal counsel and other outside professional advisors) incurred by the Agent in connection with the preparation, registration and ongoing administration of this Agreement and the Security and with the enforcement of the Agent's rights and remedies under this Agreement or the Security, whether or not any amounts are advanced under this Agreement. If the Agent has paid any expense for which the Agent is entitled to reimbursement from each Obligor and such expense has not been deducted from the advance of the Facility, such expense shall be payable by each Obligor within fifteen (15) days following demand for payment and in the event that each Obligor does not pay such amount to the Agent within the fifteen (15) day period, interest shall accrue on such expense at the highest rate payable by each Obligor under this Agreement. All such fees and expenses and interest thereon shall be secured by the Security whether or not any funds under the Facility are advanced.

Payments: Without limiting the right of the Agent to at any time demand repayment and subject to and in addition to the requirement for repayment of all Obligations in full pursuant to this Agreement, interest only at the aforesaid rate per annum, calculated daily and compounded and payable monthly, not in advance, shall be due and payable in arrears by

3:00pm on the first Business Day of each and every month during the Term. The Agent shall provide the Borrower with an invoice indicating the amount of each required monthly interest payment, and outline the Agent's account to which such payment is to be made. Other than on account of demand, repayments of outstanding principal amounts of the Facility shall be payable monthly and commence on the last day of the twelfth month of the Term and shall be payable in an amount based on a straight line amortization that would result in outstanding principal amount of the Facility being repaid in full on the date that is seven years from the Initial Closing Date (the "**Amortization Zero Date**"). The Agent shall provide the Borrower with an invoice indicating the amount of each required monthly principal payment, and outline the Agent's account to which such payment is to be made. In the event Advances are made on the Facility after Initial Closing Date, the Agent shall recalculate the amortization schedule for principal repayments, which shall continue to be based on the Amortization Zero Date. The Agent shall give notice to the Borrower of such amended and restated amortization schedule.

Share Consideration: For the purposes of this Section entitled "**Share Consideration**", the following terms shall have the following meanings:

1. "**Going Public Transaction**" means the completion of: (i) an initial public offering and listing of the common shares of the Borrower on a recognized Canadian or United States exchange that is a "designated stock exchange" for the purposes of the *Income Tax Act* (Canada), including Toronto Stock Exchange, TSX Venture Exchange, Canadian Securities Exchange, NYSE or NASDAQ (a "**Recognized Stock Exchange**"); (ii) a reverse take-over by the Borrower of a company listed on or that obtains a listing on a Recognized Stock Exchange; or (iii) a transaction that provides holders of the common shares of the Borrower with comparable liquidity that such holders would have received if a public offering had occurred, whether by means of an initial public offering, a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or combination with a public corporation (each a "**Going Public Transaction**").

2. For the purpose of this Section, "**Change in Control**" means (i) the acquisition of greater than fifty percent (50%) of the voting securities of the Borrower by a third party by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger, or consolidation, but excluding any merger effected exclusively for the purpose of changing the domicile of the Borrower); (ii) a sale, lease, or other disposition of all or substantially all of the assets of the Borrower; or (iii) any other transaction or series of related transactions in which all or substantially all of the Borrower's then-outstanding securities are sold; provided, however, that any such acquisition or sale pursuant to clause (i) or (ii) above shall not be deemed to be a Change of Control if the holders of the securities of the Borrower immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Borrower's acquisition or sale or otherwise) hold at least fifty percent (50%) of the voting power of the surviving or acquiring entity in approximately the same relative percentages after such acquisition or sale.

3. "**Current Market Price**" (i) in association with a Going Public Transaction means, the lowest price per Share issued in respect of such Going Public Transaction, and (ii) in conjunction with a Change of Control involving the

purchase of securities of the Borrower, means the lowest price per share equal to the price per share paid by the party acquiring such securities.

(ii) As additional consideration for the Agent and the Lenders entering into this Agreement, the Borrower agrees to issue common shares, or cash to the Agent (on behalf of the Lenders) in accordance with the following:

1. contemporaneous with a Going Public Transaction or a Change in Control (each as defined below), provided said Going Public Transaction or Change in Control occurs prior to 5:00 p.m. (Toronto time) on January 17, 2021 (the "**Outside Date**"), the Borrower agrees to issue to the Agent (or one or more Lenders, or nominees of the Agent, and in such proportions as the Agent may direct to the Borrower) the number of common shares (each, a "**Share**") equal to five million five hundred thousand dollars ($5,500,000) (the "**Share Consideration Amount**") divided by the Current Market Price. No fractional Shares will be issuable and the Agent and Lenders will not be entitled to any cash payment or compensation in lieu of a fractional Share. The right to receive the Shares, as set out in this Section, shall only exist in conjunction with a Going Public Transaction or a Change in Control and shall only be exercisable in whole, not in part.

2. In conjunction with a Change of Control involving a sale or disposition of assets of the Borrower where a public offering is not contemplated, a cash payment shall be made by the Borrower to the Agent (on behalf of the Lenders) in an amount equal to the Share Consideration Amount, immediately prior to the closing of such Change of Control.

3. In the event that a Change of Control or Going Public Transaction does not occur prior to the Outside Date, the Borrower shall, on the first Business Day after the Outside Date, make a payment to the Agent (on behalf of the Lenders) in an amount equal to the Share Consideration Amount. For greater certainty, this Section entitled "Share Consideration" shall survive termination of this Agreement (including as a result of repayment in full of the other Obligations) and this Obligation shall be secured by the Security and constitute an Obligation guaranteed by the guarantees provided in association with this Agreement.

Prepayment: The Facility may be prepaid in full or partially at any time without any fee or penalty after the one year anniversary of the first Advance under the Facility provided that the Borrower shall deliver an irrevocable prepayment notice to the Agent (the "**Prepayment Notice**") ninety (90) days prior to the proposed prepayment date (the "**Prepayment Date**") setting forth the amount being prepaid (the "**Prepayment Amount**") and provided that the Borrower pays the full Prepayment Amount on the Prepayment Date.

Should the Borrower wish to prepay the Facility in full or partially, at any time without having to provide the Agent with the required ninety (90) days prior notice, the Borrower shall pay to the Agent an amount calculated in accordance with the formula set out below and which shall be due and payable as of the date the prepayment is made ("**Advance Notice Fee**"):

$$I/365 \times (90 - N) \times M$$

Where:

I = the annual interest rate on the Facility on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made;

N = where a Prepayment Notice was given, the number of days between the date the Prepayment Notice is given and the date of prepayment, provided that if no Prepayment Notice was given, N shall equal 0; and

M = the Prepayment Amount, including any proportionate interest and other fees owing, on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made.

In the event that the Prepayment Amount is not paid in full on the Prepayment Date, then the Agent shall have the option, in its discretion, to declare and consider the Prepayment Notice to be null and void such that any prepayment shall thereafter only be permitted by the delivery of a new Prepayment Notice in compliance with this section.

In the event that the Borrower desires to prepay the Facility prior to the one year anniversary of the first Advance of the Facility the Borrower shall pay to the Agent an amount calculated in accordance with the formula set out below and which shall be due and payable as of the date the prepayment is made (the "**One Year Prepayment Amount**"):

$$I/365 \times (365 - N) \times M$$

Where:

I = the annual interest rate on the Facility on the prepayment date;

N = the number of days between the first advance of the Facility and the prepayment date; and

M = the prepayment amount, including any proportionate interest and other fees owing, on the date the prepayment is made.

For greater certainty, and in addition,

(a) the fees referenced in this "Prepayment" section shall not payable by the Borrower as a result of any demand made by the Agent under this Agreement, except where such demand is made by the Agent following the occurrence and during the continuance of an Event of Default and the Agent reasonably believes that the Borrower intentionally caused the occurrence of such Event of Default to cause the Agent to make demand in an effort to avoid having the pay either of the foregoing fees that would, in the circumstances, otherwise be payable;

(b) in the event that the Facility is prepaid in full prior to the one year anniversary of the first Advance, and the Borrower does not provide the Prepayment Notice within the ninety (90) day period required, the Borrower shall be required to pay the Advance Notice Fee or the One Year Prepayment Amount, whichever is greater, but in no event shall the Borrower be required to pay both the Advance Notice Fee and the One Year Prepayment Amount; and.

(c) concurrently with the Borrower closing a private placement capital raise, the Borrower shall repay $15,000,000 of the AMI Subfacility. Such prepayment shall not be subject to the Advance Notice Fee nor the One Year Prepayment Amount. This repayment requirement shall not be considered to be a consent from the Agent for any other debt raise.

Conditions Precedent:

The availability of the Facility at any time, and from time to time, is subject to and conditional upon the following conditions:

(i) satisfactory completion of initial due diligence and, in the case of the second or subsequent Advance, any further required due diligence, including the Agent's review of the operations of each Obligor and its business and financial plans;

(ii) satisfactory completion of the Agent's legal due diligence;

(iii) receipt of a duly executed copy of this Agreement and the Security, in form and substance satisfactory to the Agent and its legal counsel, registered as required to perfect and maintain the security interests created thereby and such certificates, authorizations, resolutions and legal opinions as the Agent may reasonably require including an opinion from each Obligor's counsel with respect to status and the due authorization, execution, delivery, validity and enforceability of this Agreement and the Security;

(iv) the discharge or subordination of any and all existing security against each Obligor as may be reasonably required by the Agent;

(v) payment of all fees due and owing to the Agent hereunder;

(vi) delivery of such financial and other information or documents relating to each Obligor as the Agent may reasonably require;

(vii) the Agent being reasonably satisfied that there has been no material deterioration in the financial condition of any Obligor;

(viii) no event shall have occurred and be continuing and no circumstance shall exist which has not been waived, which constitutes an event of default in respect of any material commitment, agreement or any other instrument to which any Obligor is a party or is otherwise bound, entitling any other party thereto to accelerate the maturity of amounts of principal owing thereunder or terminate any such material commitment, agreement or instrument which would have a Material Adverse Effect upon any Obligor;

(ix) no event that constitutes, or with notice or loss of time or both, would constitute an Event of Default shall have occurred; and

Each of the following is a condition precedent to any subsequent Advance to be made hereunder:

(i) all of the conditions precedent contained in this Agreement shall have been satisfied or waived by the Agent and shall as at the time of the making of the subsequent advance in question continue to be satisfied or waived by the Agent;

(ii) all of the representations and warranties of each Obligor herein are true and correct in all material respects on and as of the date of such subsequent Advance as though made on and as of such date other than those representations and warranties which relate to a specific date which shall continue to be true as of such date;

(iii) no event or condition has occurred and is continuing, or would result from such Advance, which constitutes or which, with notice, lapse of time, or both, would constitute a breach of any material covenant or other material term or condition

of this Agreement or the Security;

(iv) such Borrowing will not violate any Applicable Law (which for the purposes of this Agreement means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction then in effect) other than any violation that would not reasonably be expected to have a Material Adverse Effect;

(v) no Event of Default shall have occurred and be continuing; and

(vi) no other event shall have occurred that, in the Agent's sole discretion, acting reasonably, would have a Material Adverse Effect on any Obligor.

The making of an Advance hereunder without the fulfillment of one or more conditions set forth in this Agreement shall not constitute a waiver of any such condition, and the Agent reserves the right to require fulfillment of such condition in connection with any subsequent Advance.

Nothing in this Agreement creates a legally binding obligation on the Agent to advance any amount under the Facility at any time unless the Agent is completely satisfied in its sole discretion, acting reasonably, that each Obligor is in compliance with every provision of this Agreement and that no fact exists or event has occurred which changes the manner in which the Agent previously evaluated the risks inherent in advancing amounts to the Borrower under the Facility, whether or not the Agent was or should have been aware of such facts or events differently at any time.

Representations and Warranties:

Each Obligor represents and warrants to the Agent (each of which representations and warranties shall survive the execution and delivery of this Agreement, and save and except for any representation and warranty given as at a specific date, shall be deemed to be repeated, and shall remain true and completed at the time of each facility Advance made pursuant to this Agreement) as follows:

(i) in respect of GRO and the Borrower, such corporation is duly incorporated and validly existing under laws of Province of Ontario, and is duly registered or qualified to carry on business pursuant to the laws of such Province and any other jurisdiction where it may carry on business;

(ii) in respect of GF Manitoba, such corporation is duly incorporated and validly existing under laws of Province of Manitoba, and is duly registered or qualified to carry on business pursuant to the laws of such Province and any other jurisdiction where it may carry on business;

(iii) in respect of 8586 and Highgrade, such corporation is duly incorporated and validly existing under the *Canada Business Corporations Act*, and is duly registered or qualified to carry on business pursuant such to the laws of each jurisdiction where it may carry on business;

(iv) Schedule “B” provides a true and complete listing of the following in respect of each of the Obligors: (A) the jurisdictions in which each Obligor is organized and qualified to do business, or (B) the locations where each Obligor has tangible personal property with a value greater than $100,000, (C) the chief executive office of each Obligor; and (D) each name used by the Obligors in the

previous five (5) years;

(v) no Obligor has any Subsidiaries that is not an Obligor, where "**Subsidiaries**" means respect to any person: (i) any corporation of which an aggregate of more than 50% of the outstanding shares having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, shares of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such person and/or one or more Subsidiaries of such person, or with respect to which any such person has the right to vote or designate the vote of 50% or more of such shares whether by proxy, agreement, operation of law or otherwise; and (ii) any partnership or limited liability company in which such person or one or more Subsidiaries of such person has an equity interest (whether in the form of voting or participation in profits or capital contribution) of more than 50% or of which any such person is a general partner or manager or may exercise the powers of a general partner or manager;

(vi) after giving effect to the transactions contemplated hereby, the capitalization of each Obligor and its respective Subsidiaries is as set forth on Schedule "C"**.** All outstanding capital stock listed therein has been duly authorized and validly issued and is fully paid and non-assessable and free and clear of all Liens other than Permitted Encumbrances. The issuance of the foregoing capital stock is not and has not been subject to preemptive rights in favour of any person other than such rights that have been waived and will not result in the issuance of any additional capital stock of any Obligor or the triggering of any anti-dilution or similar rights contained in their respective charter documents or any options, warrants, debentures or other securities or agreements of any Obligor or any Subsidiary of an Obligor (other than in each case to the Agent). Other than as set out on Schedule "C", on the date of this Agreement, there will be no outstanding securities convertible into or exchangeable for capital stock of any Obligor or any Subsidiary of an Obligor or options, warrants (other than to the Agent) or other rights to purchase or subscribe for capital stock of any Obligor or any Subsidiary of an Obligor, or contracts, commitments, agreements, understandings or arrangements of any kind to which any Obligor or any Subsidiary of an Obligor is a party relating to the issuance of any capital stock of any Obligor or any Subsidiary of an Obligor, or any such convertible or exchangeable securities or any such options, warrants or rights. On the date of this Agreement no Obligor nor any Subsidiary of an Obligor has any obligation, whether mandatory or at the option of any other person, at any time to redeem or repurchase any Capital Stock of any Obligor or any Subsidiary of an Obligor, pursuant to the terms of their respective charter documents or otherwise;

(vii) no Obligor owns any real property except that 8586 has a leasehold interest in the Brampton Property, GF Manitoba owns the Winnipeg Property and Highgrade owns the property municipally known as 1736 Hwy ON-3, Dunnville, ON, N1A 2W5 (all such properties are referred to collectively as the "**Real Properties**");

(viii) the execution, delivery and performance by each Obligor of this Agreement has been duly authorized by all necessary actions and does not violate the constating documents or any Applicable Laws or material agreements to which such Obligor is subject or by which it is bound;

(ix) no Obligor is in material violation or breach of or in material default with respect to, complying with any provision of any material contract, agreement,

instrument, lease, license, concession, arrangement or understanding to which it is a party (collectively, "**Material Agreements**"), and each such Material Agreement is in full force and effect and is the legal, valid and binding obligation of such Obligor, enforceable as to such party in accordance with its terms (subject to applicable bankruptcy, insolvency and other laws affecting the enforceability of creditors' rights generally and to general equitable principles), excluding any violation, breach or default that has not had and would not reasonably be expected to have a Material Adverse Effect on any Obligor. Each Obligor has performed in all material respects all obligations required to have been performed under such Material Agreements through the date hereof. No Obligor is in violation or breach of, or in default with respect to, any term of its certificate of incorporation, applicable bylaws or other constating documents, excluding any violation, breach or default that has not had and would not reasonably be expected to have a Material Adverse Effect on any Obligor. No third party is in default under any agreement, contract or other instrument, document or agreement to which an Obligor is a party, which default would or could have a Material Adverse Effect on such Obligor;

(x) no Obligor is in default in the performance or observance of any obligation with respect to any order, writ, injunction or decree of any court of any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign and there exists no condition, event or act which constitutes, nor which after notice, the lapse of time or both, would constitute, a default under any of the foregoing, in each case that would reasonably be expected to have a Material Adverse Effect on any Obligor. Upon the execution of this Agreement, no Obligor will be in breach of any term of any of the Credit Documents nor will any Event of Default be presently occurring;

(xi) no Obligor nor any Subsidiary of an Obligor is a party to any collective bargaining agreement and as of the date of this Agreement, to the knowledge of the Obligors, there is no organizing activity involving any Obligor by any labour union or group of employees;

(xii) "**Plan**" shall mean any employee pension benefit plan which any Obligor sponsors or maintains or to which it makes or is making or is required to make contributions, and includes any pension or benefit plan regulated by the FSCO term not defined or similar authority or otherwise subject to the PBA. Within the five-consecutive-year period immediately preceding the first day of the year in which the date of this Agreement occurs no Obligor has contributed to, or has any actual or contingent, direct or indirect, liability in respect of, any Plan (other than, for greater certainty, Canadian Plans maintained by the Government of Canada or any Government of a Province of Canada to which the Borrower is obligated to contribute under any applicable law).

(xiii) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against any Obligor or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Applicable Law which, if adversely determined, would have a Material Adverse Effect upon such Obligor, and there are no circumstances of which any Obligor is aware which might give rise to any such proceeding;

(xiv) no Obligor has received any notice of any violation of, or noncompliance with, any federal, provincial, state, local or foreign laws, ordinances, regulations or orders (including, without limitation, those relating to all applicable federal, provincial, state and local insurance laws, rules and regulations, environmental

protection, occupational safety and health and other labour laws, drug laws, securities laws, corrupt practices laws, anti-bribery or anti-corruption laws, equal employment opportunity, consumer protection, credit reporting, "truth-in-lending," and warranties and trade practices) ("**Notice of Violation**") applicable to their respective businesses, the violation of, or noncompliance with which, could reasonably be expected to have a Material Adverse Effect on any Obligor, and no Obligor knows of any facts or set of circumstances which, to its knowledge, would give rise to such a notice, except as set forth in Schedule "H". Each Obligor has all licenses and permits and other governmental certificates, authorizations and permits and approvals, including the Cannabis License (collectively, "**Governmental Licenses**") required by every federal, provincial, state and local Government Authority or other regulatory body for the operation of their businesses as currently conducted and the use of its properties where the failure to obtain or possess such Government License would reasonably be expected to have a Material Adverse Effect on any Obligor. The Governmental Licenses are in full force and effect and, no violations are or have been recorded in respect of any Governmental License and no proceeding is pending or threatened to revoke or limit any part thereof, in each case that would reasonably be expected to have a Material Adverse Effect on any Obligor except as set out in Schedule "H". Without limiting the foregoing, 8586 holds a valid and existing license granted by Health Canada under the Access to Cannabis for Medical Purposes Regulations (ACMPR) (the "**Cannabis License**"). The Cannabis License was issued to WILL CANNABIS GROUP, a trade name used by 8586.

(xv) no officer or director of any Obligor is a party to, or subject to the provisions of, any order, writ, injunction, judgment or decree of any court or Governmental Authority that has had or would reasonably be expected to have a Material Adverse Effect on any Obligor.

(xvi) each Obligor has good and marketable title to all of its properties (including the Real Properties) and assets, free and clear of any Encumbrances other than Permitted Encumbrances, other than as may be provided for herein;

(xvii) without limiting the previous subparagraph, each Obligor has good, valid and marketable title to the Winnipeg Property free and clear of all Encumbrances other than Permitted Encumbrances and 8586 has a good, valid and marketable leasehold interest in the Brampton Property free and clear of all Encumbrances other than Permitted Encumbrances;

(xviii) each real property location (including without limitation the Brampton Property and the Winnipeg Property) owned, leased or occupied by or otherwise in the charge, management or control of each Obligor, including the Real Properties (the "**Real Property**") is maintained free of material contamination that is required by the applicable Environmental Laws to be removed, remediated or mitigated; (b) no Obligor is subject to any Environmental Liabilities or, to any Obligor's knowledge, potential Environmental Liabilities, in excess of $100,000 in the aggregate (c) no notice has been received by any Obligor identifying it as a "potentially responsible party" or otherwise identifying it as a potentially liable party or requesting information under the EPA or analogous federal or provincial laws, in each case, to the extent applicable, and to the knowledge of any Obligor, there are no facts, circumstances or conditions that may result in any Obligor being identified as a "potentially responsible party" under the EPA or analogous federal or provincial laws, in each case, to the extent applicable; and (d) each Obligor has provided to Agent copies of all existing environmental reports, reviews and audits and all written information pertaining to actual or

potential Environmental Liabilities, in each case relating to each Real Property location.

(xix) the assets and properties of each of the Obligors (including without limitation the Brampton Property and the Winnipeg Property) are insured against all risks customarily insured against by persons owning, leasing or operating similar properties and assets in the localities where such properties or assets are located, through insurance policies all of which are in full force and effect. Each Obligor is insured against all claims relating to its activities to the same extent that the risks of such claims are customarily insured against by persons or entities involved in similar activities. Each of the insurance policies referred to in this section is issued by an insurer of recognized responsibility, and no Obligor has received any notice or threat of the cancellation or non-renewal of any such policy;

(xx) each Obligor is in compliance with all Applicable Laws (where failure to comply could reasonably be expected to result in a Material Adverse Effect) respecting employment and employment practices, terms and conditions of employment and wages and hours and, there are no pending investigations involving any of them by any domestic or foreign governmental agency responsible for the enforcement of such Applicable Laws. There is no unfair labour practice charge or complaint against any Obligor pending before any labour board or tribunal, or any strike, picketing, boycott, dispute, slowdown or stoppage pending or threatened against or involving them or any predecessor entities. No collective bargaining agreement or modification thereof is currently being negotiated by any Obligor and no labour dispute with the employees of any of them exists, or is imminent;

(xxi) no shareholder, officer or director of any Obligor nor any "affiliate" or "associate" of such persons (as such terms are defined in the rules and regulations promulgated under the *Securities Act* (Ontario) (or equivalent legislation of another Canadian province or territory) (herein, a "**Related Party**") is a party to any agreement with any Obligor on terms less favourable than could reasonably be expected to be obtained through ordinary course negotiations with arm's length parties, or which would require public disclosure in accordance with applicable securities laws, including, without limitation, any contract, agreement or other arrangement providing for the rental of real or personal property from, or otherwise requiring payments not in the ordinary course of business to, any Related Party (any such agreement an "**Affiliate Transaction**") other than the contracts, agreements, and documents with Related Parties set out in Schedule "D" hereof (collectively, the "**Related Party Contracts**"). No employee of any Obligor or any Related Party is indebted to any other Obligor and no Obligor is indebted to any of its employees;

(xxii) each Obligor is solvent and no Obligor will be rendered insolvent by the execution and delivery of any of the Credit Documents to which it is a party;

(xxiii) no Obligor has created, incurred, assumed, or suffered to exist any hedging agreement, including without limitation any present or future swap, hedging, foreign exchange or other derivative transaction;

(xxiv) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, an Event of Default, a breach of any material covenant or other material term or condition of this Agreement or any of the Security given in connection therewith;

(xxv) no Obligor has any debt for borrowed money or has guaranteed the obligations of others in respect of debt for borrowed money, other than (i) debts and guarantees to or in favour of the Agent, (ii) the Pre-existing Liabilities (as defined in the Share Purchase Agreement) and such other indebtedness as is set out in Schedule "E" hereto, (iii) any amounts owed to Sean F. McCoshen in respect of the guarantee fee charged or to be charged in respect of the delivery of his guarantee and security therefore to the Agent in connection with this Agreement, (iv) indebtedness of the Obligors disclosed under the December 2017 Loan Agreement (as hereinafter defined), the Winnipeg PNote and all other loan documents entered into with the Agent by one or more of the Obligors, (v) capital lease obligations and purchase money Indebtedness in an aggregate amount not to exceed $500,000, in addition to the outstanding amount under the Brampton Capex Subfacility, and (vi) unsecured Indebtedness between the Obligors, (viii) Indebtedness of the Obligors of the types contemplated by Section 7.2(c), (d), (e), (f), (j), (k), and (l) of the December 2017 Loan Agreement, (collectively referred to herein as "**Permitted Debt**").

(xxvi) each Obligor has filed all tax returns which were required to be filed by it, if any, paid or made provision for payment of all taxes and potential prior ranking claims (including interest and penalties) which are due and payable, if any and provided adequate reserves for payment of any tax, the payment of which is being contested, if any;

(xxvii) each Obligor's obligation to complete this transaction is not dependent upon any condition whatsoever, and that Agent and the Lenders assume no obligation to assist the Obligors to complete the transaction in any way, except to make available the Facility in accordance with the terms of this Agreement;

(xxviii) in respect of AMI Holdco, such corporation is duly incorporated and validly existing under the federal laws of Canada, and is duly registered or qualified to carry on business in each jurisdiction in Canada where it may carry on business;

(xxix) on or prior to the date of this Agreement, the Agent has been provided with a true, complete and executed copy of the AMI Share Purchase Agreement;

(xxx) to the knowledge of the Obligors no representations concerning AMI set out in the AMI Purchase Agreement are untrue in any material respect; and

(xxxi) to the knowledge of the Obligors, AMI is not subject to a shareholders' agreement.

Covenants: Each Obligor covenants and agrees with the Agent, while this Agreement is in effect to:

(i) pay all sums of money when due hereunder or arising from this Agreement or the other Credit Documents;

(ii) provide the Agent with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any material covenant or other material term or condition of this Agreement or of any Credit Document;

(iii) use the proceeds of the Facility for the purposes provided for herein;

(iv) no Obligor shall make, or permit the making of a Restricted Payment save and except for payments made when no Event of Default has occurred or would occur as a result of making the Restricted Payment;

(v) no Obligor, or capital stock of an Obligor, will be subject to a shareholders' agreement (other than the GrowForce AC Shareholders Agreement and the GRO Shareholders Agreement, a copy of which has been provided to the Agent);

(vi) continue to carry on business in the nature of or related to the business transacted by such Obligor prior to the date hereof (and not any other business) in the name and for the account of such Obligor;

(vii) keep and maintain books of account and other accounting records in accordance with GAAP;

(viii) within 60 days of the Initial Closing Date each Obligor with bank accounts shall enter into springing blocked account agreements in respect of their respective collection accounts set out in Schedule "F" on the applicable depositary banks standard form, and on terms acceptable to the Agent. After such 60th day, the Obligors shall not have any bank accounts that are collection accounts other than those controlled by the Agent through a blocked account agreement satisfactory to the Agent, and shall deposit all collections into such bank accounts, and at no time shall any Obligor have any bank accounts domiciled in the United States of America without the prior written consent of the Agent;

(ix) not sell, transfer, convey, lease or otherwise dispose of any Collateral, including without limitation the Winnipeg Property or the leasehold interest in the Brampton Property (other than the Lease (as defined in the Share Purchase Agreement)), or permit any reorganization or Change of Control of any Obligor, except for Permitted Dispositions, unless in each case consented to by the Agent in advance, "**Permitted Dispositions**" means in respect of any Collateral of the Obligors, (i) sales of inventory in the ordinary course of business, (ii) sales of obsolete, worn-out or surplus assets (but not intellectual property) no longer used or usable in the business of each Obligor, (iii) leases, subleases, nonexclusive licenses or nonexclusive sublicenses of real or personal property in the ordinary course of business, in each case subject to the Encumbrances granted under the Credit Documents, (iv) dispositions of Collateral in connection with mergers and acquisitions permitted by the Agent, (v) sales, settlements and write-offs of accounts receivable in connection with collection or compromise thereof in the ordinary course of business, (vi) dispositions of Collateral (other than intellectual property) in the ordinary course of business to the extent that (a) such Collateral is exchanged for credit against the purchase price of similar replacement property, or (b) the proceeds of such disposition are promptly applied to the purchase price of such replacement property and, in each case, so long as the Agent has an Encumbrance with respect to such replacement property with the same priority as the Encumbrance of the Agent with respect to the Collateral disposed of;

(x) not purchase or redeem its shares or otherwise reduce its capital;

(xi) contemporaneously with GF Manitoba entering into a construction management agreement, consulting services agreement, development management agreement or like agreement whereby a person or persons provides services to GF Manitoba to facilitate the Winnipeg Project, (each a "**Construction Services Agreement**"), or as soon as reasonably practical following entry into such Construction Services Agreement, such person and the Agent shall enter into a collateral assignment of such contract on terms and conditions satisfactory to the Agent in its sole discretion, acting reasonably, and in the event the Borrower becomes aware of any breach of the material terms of any Construction Services

Agreement by any party at any time, the Borrower shall promptly notify the Agent of the same;

(xii) not be party to a Plan (other than, for greater certainty, Canadian Plans maintained by the Government of Canada or any Government of a Province of Canada to which the Borrower is obligated to contribute under any applicable law);

(xiii) form, or otherwise have a Subsidiary, other than a Subsidiary that is an Obligor. For greater certainty, AMI Holdco shall not be considered a Subsidiary for purposes of this Agreement;

(xiv) not repay any shareholders' loans, interest thereon or share capital, unless otherwise permitted pursuant to the terms of a written intercreditor agreement, or subordination agreement to which the Agent is a signatory;

(xv) not make loans or advances (excluding for greater certainty, salaries and bonuses in the ordinary course of business and consistent with prior practice (which shall not be funded from the sale of assets) to shareholders, directors, officers or any other related or associated party);

(xvi) no Obligor shall own any real property other than the Real Properties without the prior written consent of the Agent;

(xvii) not enter into any Affiliate Transaction (other than the Lease, any Related Party Contracts, the AMI Build-Out Agreement, AMI Build-out Plan, the AMI Purchase Agreement and any other agreements relating to the AMI Build-Out) without the prior written consent of the Agent, such consent not to be unreasonably withheld;

(xviii) permit the Agent or its representatives (including the cost consultant of the Agent), at any time and from time to time with such frequency as the Agent, in its sole discretion, may reasonably require, during business hours, to visit and inspect the Obligor's premises, properties, and assets and to examine and obtain copies of each Obligor's records or other information and discuss each Obligor's affairs with the auditors, counsel and other professional advisors of such Obligor all at the expense of the Borrower; provided, however, that: (i) if no Event of Default shall have occurred and be continuing: (A) the Borrower shall be given at least 2 Business Days prior written notice of such request, and (B) no more than 2 such visits and/or inspections, in the aggregate, shall be permitted in any calendar year; and (ii) all such expenses shall be reasonable and, if a consultant is to be retained, prior to retaining such consultant, the Agent agrees to consult with the Borrower regarding such consultant so as to agree on the proposed fees therefor;

(xix) forthwith notify the Agent of the particulars of any occurrence which constitutes an Event of Default hereunder or of any action, suit or proceeding, pending or to the Obligor's knowledge threatened against the Obligor where the potential liability to the Obligors, as a whole, exceeds $250,000;

(xx) each Obligor: (i) shall comply in all material respects with all applicable Environmental Laws and environmental permits; (ii) shall notify Agent in writing within seven (7) Business Days if and when it becomes aware of any Release, on, at, in, under, above, to, from or about any of its Real Property; and (iii) shall promptly forward to Agent a copy of any order, notice, permit, application, or any communication or report received by it or any other Obligor

in connection with any such Release.

(xxi) in a form and manner prescribed by the Agent (which may include by fax and/or e-mail), deliver to the Agent the following, signed by a senior officer of each Obligor:

(a) monthly, by the twenty fifth (25th) day of each calendar month, with respect to the prior month internally prepared financial statements for the most recent month just ended and internally prepared financial statements for the year to date;

(b) monthly bank statements for all bank accounts of each Obligor within 15 days of its month-end;

(c) annually, no later than 30 days prior to the end of the Borrower's financial year, financial and business projections for the following financial year prepared on a consolidated basis;

(d) annually, within 120 days of the Borrower's financial year end in respect of the preceding financial year, audited financial statements of the Borrower prepared on a consolidated basis and in accordance with GAAP, without qualification by an independent qualified accounting firm acceptable to the Agent; and

such additional financial information with respect to Borrower as and when requested by the Agent; provided that in the event that the foregoing reporting does not meet the requirements of the Agent in its discretion, acting reasonably, the Agent and the Borrower agree to discuss any additional requirements of the Agent with a view to agreeing as to any further reporting desired by the Agent.

(xxii) file all tax returns which each Obligor must file from time to time, to pay or make provision for payment of all taxes (including interest and penalties) and other potential preferred claims which are or will become due and payable and to provide adequate reserves for the payment of any tax, the payment of which is being contested;

(xxiii) not grant, create, assume or suffer to exist any mortgage, charge, Lien, pledge, security interest, including a purchase money security interest, or other Encumbrance affecting any of the Obligor's properties (including the Real Property), assets or other rights except for Permitted Encumbrances;

(xxiv) the Cannabis License is terminated or materially amended in a way that would reasonably be expected to have a Material Adverse Effect;

(xxv) not grant a loan or make an investment in or provide financial assistance to a third party by way of a suretyship, guarantee or otherwise (other than in favour of the Agent);

(xxvi) not, without the prior written consent of the Agent, incur any indebtedness other than trade payables in the ordinary course of its business and other than Permitted Debt, with indebtedness in this context including without limitation (i) debt for borrowed money or for the deferred purchase price of property or services (including reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured) (ii) all obligations evidenced by notes, bonds, debentures or similar instruments; (iii) all indebtedness created or arising under any conditional sale or other title

retention agreements with respect to property acquired by such Obligor (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (iv) all capital lease obligations or purchase money security interests in an aggregate amount not to exceed $500,000 over and above the outstanding amount under the Brampton Capex Subfacility; and (v) all guarantees of the indebtedness of others;

(xxvii) not change its name, merge, amalgamate or otherwise enter into any other form of business combination with any other entity without the prior written consent of the Agent;

(xxviii) not permit any of the information in Schedules "B", "C","D", "E", "F" or "G" to this Agreement (other than any such information given as of a specified date) to be untrue at any time and if given from time to time, without giving the Agent no less than 15 days prior notice of any changes required to be made to such Schedule to make such schedules true;

(xxix) keep each Obligor's assets fully insured against such perils and in such manner as would be customarily insured by companies carrying on a similar business or owning similar assets, including the standard mortgage endorsement and naming the Agent as first loss payee (with respect to property insurance) and as an additional insured with respect to liability insurance, and to ensure all assets secured by the Security are in existence and in the possession and control of the applicable Obligor;

(xxx) comply with all Applicable Laws (where the failure to do so could reasonably be expected to result in a Material Adverse Effect) and to advise the Agent promptly of any action, requests or violation notices received from any government or regulatory authority concerning any Obligor's operations; and to indemnify and hold the Agent and the Lenders harmless from all liability of loss as a result of any non-compliance with such Applicable Laws;

(xxxi) ensure that the Borrower owns 50% of the Capital Stock of AMI Holdco (including without limitation, 50% of all voting rights in respect of AMI Holdco) and ensure that AMI Holdco at all times owns 100% of the Capital Stock of AMI, including all voting rights in respect thereof, and the power to elect the board of directors of AMI or otherwise direct the management and affairs of AMI;

(xxxii) the Obligors shall ensure that the AMI Build-Out Agreement is not amended or replaced without the prior written consent of the Agent, which consent shall not be unreasonably withheld or delayed;

(xxxiii) the Borrower's management team shall regularly confirm with the other shareholders of AMI Holdco the status of the AMI Build-Out, compliance with the AMI Build-Out Agreement and the AMIL Build-Out Plan in relation thereto. In the event that there is any material deviation from the AMI Build-Out Agreement and/or AMI Build-Out Plan, the Borrower shall immediately provide written notice to the Agent in respect of any such material deviation;

(xxxiv) the Borrower shall request that each of AMI and AMI Holdco, deliver internally prepared (or audited or review engagement if prepared by or on behalf of AMI or AMI Holdco) quarterly financial statements in respect of AMI and AMI Holdco within 25 calendar days of the conclusion of each financial quarter in respect of such recently completed quarter; and annual financial statements for

each fiscal year within 120 days of each of AMI and AMI Holdco's respective financial year ends, and such additional financial information with respect to Borrower as and when requested by the Agent; and the Borrower shall deliver such financial statements and other information to the Agent promptly following the receipt thereof;

(xxxv) on a quarterly basis, the Borrower shall deliver to the Agent a progress report based upon information provided to the Borrower by the other shareholders of AMI Holdco relating to the AMI Build-Out, including comparisons of planned numbers and dates set out in the AMI Build-Out Plan to actual numbers and dates, all to the extent such information has been made available to the Borrower;

(xxxvi) the Borrower shall, prior to the date that is sixty (60) days from the Initial Closing Date, use its best efforts to provide the Agent with evidence, reasonably satisfactory to the Agent of the dissolution of GrowForce Corp., and at no time shall GrowForce Corp. own any assets (with the exception of certain trade-marks which are to be assigned to the Borrower within such sixty (60) day period), have any contractual obligations, have any employees or have any obligations whatsoever. If the Borrower is unable to complete the dissolution within 60 days, it shall notify the Agent. The Obligors agree not to make any distributions or provide any financial assistance to GrowForce Corp;

(xxxvii) each Obligor shall promptly provide written notice to the Agent in the event that it has knowledge that AMI or AMI Holdco are not in compliance with covenants (iv), (v), (vi), (vii), (xvii), (xx), (xxii), (xxvii), (xxix), and (xxx) herein (collectively, the "AMI-Related Provisions"); provided that, with respect to:

(A) covenant (v), it is acknowledged that a shareholders agreement exists with respect to AMI Holdco and such shareholders agreement is permitted for purposes of this provision;

(B) covenant (xxix), the same is amended for purposes of this subparagraph (xxxviii) such that covenant (xxxix) shall end with the words, "…owning similar assets" appearing therein; and

(C) covenant (xxx), the same is amended for purposes of this subparagraph (xxxviii) such that covenant (xxx) shall end with the words, "…any Obligor's operations" appearing therein.

For purposes of this subparagraph (xxxviii) only, the AMI-Related Provisions shall be read as if AMI and AMI Holdco are Obligors to such covenants subject, however, to the above amendments thereto;

(xxxviii) forthwith notify the Agent of the particulars of any action, suit or proceeding, to the Obligor's knowledge, whether pending or threatened against AMI or AMI Holdco where the potential liability of either AMI or AMI Holdco, exceeds $250,000; and

(xxxix) forthwith notify the Agent upon obtaining knowledge of any breach by any of the Vendors of the terms of the AMI Purchase Agreement.

Security and other Requirements:

As general and continuing security for the performance by each Obligor of all of its obligations, present and future, to the Agent, including, without limitation, the repayment of advances granted hereunder and the payment of interest, fees and any other amounts provided for hereunder and under the security documents, each Obligor undertakes to grant to the Agent and to maintain at all times the following security in form satisfactory

to the Agent (the "**Security**"), in accordance with the forms in use by the Agent or as prepared by its solicitors:

(i) a General Security Agreement, on the Agent's form signed by each Obligor constituting a first ranking security interest in all personal property of such Obligor;

(ii) a postponement and subordination of all loans extended to any Obligor by any directors, officers, shareholders, non-arms' length creditors and related parties, to include a postponement of the right to receive any payments of both principal and interest under such loans;

(iii) a leasehold charge/mortgage in respect of the Brampton Property (in the amount of the Brampton Purchase Subfacility ($15,000,000)), and an amendment to the existing charge/mortgage on the Winnipeg Property so as to increase the aggregate charge on the Winnipeg Property to an amount equal to the amount of Winnipeg Purchase Subfacility plus the maximum principal amount of the Winnipeg Construction Facility;

(iv) a general assignment of leases and rents in relation to the Winnipeg Property;

(v) title insurance and other real estate documentation reasonably required by the Agent in respect of the Brampton Property and the Winnipeg Property;

(vi) evidence that the Obligors have the insurance required pursuant to the terms of this Agreement, and that the Agent has been added as a loss payee or an additional insured as required pursuant to this Agreement;

(vii) assignment of insurance of each Obligor with loss payable to the Agent;

(viii) a personal guarantee from Sean McCoshen in form reasonably satisfactory to the Agent;

(ix) security from Sean McCoshen in form reasonably satisfactory to the Agent;

(x) share pledge of the shares of AMI Holdco held by the Borrower, in form satisfactory to the Agent, acting reasonably, and delivery of such shares to the Agent together with stock transfer powers executed in blank in respect thereof, and

(xi) such other security as may be reasonably required by the Agent.

Events of Default: Without limiting any other rights of the Agent and the Lenders under this Agreement, including a right to accelerate and demand repayment on demand at any time at the sole and absolute discretion of the Agent, whether or not an Event of Default has occurred, if any one or more of the following events (an "**Event of Default**") has occurred and is continuing:

(i) any Obligor shall fail to make or pay any monetary obligation under this Agreement or any other Credit Document when and as the same shall become due and payable, and such failure shall continue for five (5) Business Days;

(ii) any Obligor shall fail to observe or perform any non-monetary obligation or provision of this Agreement or any other Credit Document, and such failure

shall continue unremedied for a period of thirty (30) days after the earlier of (i) acknowledge thereof by any Obligor, or (ii) notice thereof from the Agent to the Borrower;

(iii) any Obligor is in default under the terms of any other contracts or agreements where such default could reasonably be expected to result in a Material Adverse Effect;

(iv) any Obligor is in default after any applicable grace period under the material terms of any other material agreement in respect of debt for borrowed money in excess of the principal amount of $250,000;

(v) the Agent receives from any Guarantor a notice proposing to terminate, limit or otherwise modify such Guarantor's liability under its guarantee of the Borrower's Obligations, except in respect of the guarantee of Sean McCoshen, or the limited recourse guarantee of AMI, where the Obligors shall have a period of fifteen (15) Business Days to provide the Agent with a replacement guarantee to the Agent, satisfactory to the Agent in its good faith credit judgement;

(vi) any Obligor ceases or threatens to cease to carry on business in the ordinary course (other than any reduction in operations or cessation of operations by any Obligor during any period of construction or retrofit), or as conducted at the time of this Agreement;

(vii) any default or failure by an Obligor to make any payment of wages, or other monetary remuneration payable by such Obligor to its employees under the terms of any contract of employment, unless the Obligor, in good faith, disputes the requirement to make to such payment, or unless the aggregate amount of such payments does not exceed $100,000 in any fiscal year;

(viii) any default or failure by any Obligor to keep current all amounts owing to parties other than the Agent who, in the Agent's sole opinion, acting reasonably, have or could have a security interest, trust or deemed trust in the property, assets, or undertaking of an Obligor, senior in priority to the security interest of the Agent;

(ix) if any representation or warranty made or deemed to have been made herein or in any certificate (including any information certificate), statement, report, financial statement or the Security provided for herein or associated with this Agreement shall be materially false or inaccurate when made or deemed to have been made;

(x) if, in the reasonable opinion of the Agent, there is a Material Adverse Change in respect of any Obligor;

(xi) any Obligor is unable to pay its debts as such debts become due;

(xii) any judgment or award, or series of judgements or awards are made against one or more Obligors in excess of $250,000 in the aggregate, in respect of which there is not an appeal or proceeding for review being diligently pursued in good faith and adequate provision has been not made on the books of such Obligor and which judgement is not covered by insurance; or

(xiii) there shall be commenced against any Obligor litigation seeking or effecting any seizure (whether in execution or otherwise), attachment, execution, distraint or similar process against all or any substantial part of its assets which remain

unreleased or undismissed for sixty (60) consecutive days, unless within such sixty (60) days, any seizure or taking possession of any property of such Obligor shall have occurred; or any creditor (other than Agent or the Lenders) takes possession of all or any substantial part of the assets of any Obligor; or any creditor (other than the Agent or the Lenders) enforces or gives notice of its intention to enforce or gives prior notice with respect to the exercise of any of its hypothecary or other rights under any Liens granted to it by or over all or any substantial part of any assets of any Obligor; or any custodian, receiver, interim receiver, liquidator, assignee, trustee, monitor, sequestrator or similar official is appointed in respect of any Obligor or takes possession of all or any substantial part of the assets of any Obligor, or any Obligor commits an "act of bankruptcy" (as defined under the relevant provisions of the *Bankruptcy and Insolvency Act* (Canada)), becomes insolvent or shall have concealed, removed or permitted to be concealed or removed, all or any substantial part of its property with intent to hinder, delay or defraud any of its creditors or make or suffer a transfer of any of its property or the incurring of an obligation which may be fraudulent, reviewable or the object of any proceedings under any applicable bankruptcy or insolvency legislation, creditor protection legislation or other similar laws; or

(xiv) a petition, proposal, notice of intention to file a proposal, case or proceeding shall have been commenced involuntarily against any Obligor in a court having competent jurisdiction seeking a declaration, judgment, decree, order or other relief: (i) under the *Bankruptcy and Insolvency Act* (Canada), *Companies' Creditor Arrangement Act* (Canada) or any other applicable federal, provincial, state or foreign bankruptcy or other law providing for suspension of operations or reorganization of debts or relief of debtors, and seeking either (x) the appointment of a custodian, receiver, interim receiver, liquidator, assignee, trustee, monitor or sequestrator (or similar official) for such Person or of any substantial part of its properties, or (y) the reorganization or winding-up or liquidation of the affairs of any such person, and such proposal, case or proceeding shall remain undismissed or unstayed for sixty (60) consecutive days or such court shall enter a declaration, judgment, decree or order granting the relief sought in such case or proceeding; or (ii) invalidating or denying any person's right, power, or competence to enter into or perform any of its obligations under any Credit Document or invalidating or denying the validity or enforceability of this Agreement or any other Credit Document or any action taken hereunder or thereunder; or

(xv) Any Obligor shall: (i) commence any petition, proposal, notice of intention to file a proposal, case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization, suspension of operations, conservatorship or relief of debtors, seeking to have an order for relief entered with respect to it or seeking appointment of a custodian, receiver, liquidator, assignee, trustee or sequestrator (or similar official) for it or any substantial part of its properties; (ii) make a general assignment for the benefit of creditors; (iii) consent to or take any action in furtherance of, or, indicating its consent to, approval of, or acquiescence in, any of the acts set forth in paragraphs (xiii) or (xiv) of this Section entitled "Events of Default" or clauses (i) or (ii) of this paragraph (xv); or (iv) shall admit in writing its inability to, or shall be generally unable to, pay its debts as such debts become due; or

then, in such event, the Agent may, by written notice to the Borrower declare all monies outstanding under the Facility to be immediately due and payable, except that in respect of any Event of Default listed in part (xiv) and (xv), the Obligations shall become immediately due and payable (and any obligation of the Agent and the Lenders to make

further loan or advance available under the Facility, if not previously terminated, shall immediately be terminated) without declaration, notice or demand by the Agent. Upon receipt of such written notice (if any is required), each Obligor shall immediately pay to the Agent all monies outstanding under the Facility and all other obligations of each Obligor to the Agent in connection with the Facility under this Agreement. The Agent may enforce its rights to realize upon its Security and retain an amount sufficient to secure the Agent for each Obligor's Obligations to the Agent.

Nothing contained in this section shall limit any right of the Agent under this Agreement to demand payment of the Facility at any time.

Evidence of Indebtedness: The Agent shall maintain records evidencing the Facility. The Agent shall record the principal amount of the Facility, the payment of principal and interest on account of the Facility, and all other amounts becoming due to the Agent or the Lenders under this Agreement.

The Agent's accounts and records constitute, in the absence of manifest error, prima facie evidence of the indebtedness of the Borrower to the Agent and the Lenders pursuant to this Agreement.

Agent Cost Consultant: The Borrower acknowledges that the Agent and its cost consultant shall be permitted to enter onto the Real Property and premises of the Obligors and review all books and records of any Obligor during regular business hours, as provided for in paragraph (xviii) of the "Covenants" provisions hereof. Each Obligor shall promptly address any requests provided by the cost consultants to provide information.

Indemnity: Each Obligor jointly and severally agree to indemnify and hold the Agent and the Lenders, and their respective employees, officers, directors, professional advisors and agents (each, an "**Indemnified Person**"), harmless from and against any and all suits, actions, proceedings, claims, damages, losses, liabilities and reasonable expenses of any kind or nature whatsoever (including reasonable legal fees and disbursements and other costs of investigation or defence, including those incurred upon any appeal) which may be instituted or asserted against or incurred by any such Indemnified Person as the result of any breach of any representation or warranty, covenant or agreement of the Borrower or any other Obligor in this Agreement or any other Credit Document, including without limitation, Environmental Liabilities, the failure to make payment when due of amounts owing pursuant to this Agreement or any other Credit Document, on the due date thereof (whether at the scheduled maturity, by acceleration or otherwise) or any legal, administrative or other actions (including, without limitation, actions brought by any holders of equity or Indebtedness of the Borrower or any Obligor or derivative actions brought by any Person claiming through or in such borrower's or any such Obligor's name), proceedings or investigations (whether formal or informal), or written threats thereof, based upon, relating to or arising out of the Credit Documents, the transactions contemplated thereby, or any Indemnified person's role therein or in the transaction contemplated thereby, including any and all product liabilities, Environmental Liabilities, taxes and reasonable legal costs and expenses arising out of or incurred in connection with any dispute between or among any parties to any of the Credit Documents (collectively, "**Indemnified Liabilities**"), except to the extent that any such Indemnified Liability is finally determined by a court of competent jurisdiction to have resulted from such Indemnified Person's gross negligence or wilful misconduct; provided, further, that if and to the extent that such indemnification is unenforceable for any reason, the Obligors shall make the maximum contribution to the payment and satisfaction of such Indemnified Liabilities which shall be permissible under Applicable Laws. In connection with the obligation of the Obligors to indemnify for expenses as set forth above, the Obligors further agree, upon presentation of appropriate invoices, to reimburse each

Indemnified Person for all such expenses (including, without limitation, reasonable fees, disbursements and other charges of counsel and costs of investigation incurred by an Indemnified Person in connection with any Indemnified Liabilities) as they are incurred by such Indemnified Person. The provisions of this Section entitled "Indemnities" shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Facility, the expiration or termination of the Facility or the termination of this Agreement or any provision hereof.

Confidentiality: Each Obligor agrees to keep all of the information and terms related to this Agreement confidential. In particular, the existence of this Agreement or the discussions surrounding this Agreement cannot be disclosed to any party, including other creditors, without the Agent's prior written consent (other than to the Obligors and legal counsel and advisors of the Obligors).

Amendment and Restatement: This Agreement amends and restates the Original Loan Agreement. All rights, benefits, indebtedness, interests, liabilities and obligations of the parties to the Original Loan Agreement are hereby renewed, amended, restated and superseded in their entirety according to the terms and provisions set forth herein. This Agreement does not constitute, nor shall it result in, a waiver of or release, discharge or forgiveness of any amount payable pursuant to the Original Loan Agreements or the "Credit Documents" (as defined in the Original Loan Agreement, hereafter the "**Existing Credit Documents**") executed in connection therewith or any indebtedness, liabilities or obligations of Obligors thereunder, all of which are renewed and continued and are hereafter payable and to be performed in accordance with this Agreement and the other Credit Documents. Neither this Agreement nor any other Credit Document extinguishes the indebtedness or liabilities outstanding in connection with the Existing Credit Documents, nor do they constitute a novation with respect thereto. All security interests, pledges, assignments and other Encumbrances previously granted by the Obligors pursuant to the Existing Credit Documents are hereby renewed and continued, and all such security interests, pledges, assignments and other Encumbrances shall remain in full force and effect as security for the Obligations except as modified by the provisions hereof. Amounts in respect of interest, fees and other amounts payable to or for the account of Lenders or the Agent shall be calculated (i) in accordance with the provisions of the Existing Credit Documents with respect to any period (or a portion of any period) ending prior to the date of this Agreement, and (ii) in accordance with the provisions of this Agreement with respect to any period (or a portion of any period) commencing on or after the date of this Agreement.

General: Credit: Each Obligor authorizes the Agent, hereinafter, to obtain such factual and investigative information regarding each Obligor from others as permitted by law, to furnish other consumer credit grantors and credit bureaus such information. The Agent, after completing credit investigations, which it will make from time to time concerning each Obligor, must in its absolute discretion be satisfied with all information obtained, prior to any advance being made under the Facility.

Each Obligor further authorizes any financial institution, creditor, tax authority, employer or any other person, including any public entity, holding information concerning such Obligor or its assets, including any financial information or information with respect to any undertaking or suretyship given by such Obligor to supply such information to the Agent in order to verify the accuracy of all information furnished or to be furnished from time to time to the Agent and to ensure the solvency of such Obligor at all times.

Non-Merger: The provisions of this Agreement shall not merge with any of the Security, but shall continue in full force and effect for the benefit of the parties hereto. In the event of an inconsistency between this Agreement and other Credit Document, including the

Security, the provisions of this Agreement shall prevail.

Further Assurances and Documentation: Each Obligor shall do all things and execute all documents deemed necessary or appropriate by the Agent for the purposes of giving full force and effect to the terms, conditions, undertakings hereof and the Security granted or to be granted hereunder.

Severability: If any provisions of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor shall it invalidate, affect or impair any of the remaining provisions of this Agreement.

Marketing: The Agent shall be permitted to use the name of any Obligor and the amount of the Facility for advertising purposes.

Governing Law: This Agreement and all agreements arising hereinafter shall be deemed to have been made and accepted in the City of Toronto, Ontario and construed in accordance with and be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Counterparts: This Agreement, the Security and all other Credit Documents arising hereinafter may be executed in any number of separate counterparts by any one or more of the parties thereto, and all of such counterparts taken together shall constitute one and the same instrument. Delivery by any party of an executed counterpart of this Agreement by telecopier, PDF or by other electronic means shall be as effective as delivery of a manually executed counterpart of such party.

Survival: All covenants, agreements, representations and warranties made by the Obligors in the Credit Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Credit Document shall be considered to have been relied upon by the Agent and the Lenders and shall survive the execution and delivery of the Credit Documents and any advances of the Facility, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Agent may have notice or knowledge of any Event of Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of, or any accrued interest or any other Obligation under this Agreement is outstanding and unpaid and so long as Facility has not expired or been terminated.

Notice: Except as otherwise provided herein, whenever any notice, demand, request or other communication shall or may be given to or served upon any party by any other party, or whenever any party desires to give or serve upon any other party any communication with respect to this Agreement, each such communication shall be in writing and shall be deemed to have been validly served, given or delivered: (a) upon the earlier of actual receipt (or refusal thereof) and three (3) Business Days after deposit in the mail, registered or certified mail, return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by telecopy, e-mail or other similar facsimile or electronic transmission (with such telecopy, e-mail or facsimile promptly confirmed by delivery of a copy by personal delivery or mail as otherwise provided in this paragraph) or (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when hand-delivered, all of which shall be addressed to the party to be notified and sent to the address or facsimile number indicated on the first page of this Agreement, in respect of each Obligor, and to Bridging Finance Inc., Attn: Graham Marr or David Sharpe, 77 King Street West Suite 2925, P.O. Box 322, Toronto ON M5K 1K7, Canada or to such other address (or facsimile number) as may be substituted by notice given as herein provided.

Assignment and Syndication: This Agreement when accepted and any commitment to advance, if issued, and the Security in furtherance thereof or any warrant or right may be assigned by the Agent, or monies required to be advanced may be syndicated by the Agent from time to time with the prior written consent of the Borrower, such consent not to be unreasonably withheld. For greater certainty, any Lender may assign or grant participation in all or part of this Agreement or in its interest in the Facility made hereunder without notice to and without any Obligor's consent; provided that an Event of Default shall have occurred and be continuing at such time. If no Event of Default shall have occurred and be continuing at the time of any proposed assignment, a Lender may assign its rights in whole or in part under this Agreement only upon the prior written consent of the Borrower (which consent shall not be unreasonably withheld), unless to an Affiliate of the Lender. In that regard, the parties agree that it is reasonable for the Borrower to withhold its consent to any assignment if such assignment could result in any increased cost to any Obligor. No Obligor may assign or transfer all or any part of its rights or obligations under this Agreement, any such transfer or assignment being null and void insofar as the Agent is concerned and rendering any balance then outstanding under the Facility immediately due and payable at the option of the Agent. Any information provided to any syndicate members shall be communicated to the members on a confidential basis and shall be maintained by the syndicate members on a confidential basis and used by them solely in connection with the Facility.

Joint and Several: Where more than one person is liable as an Obligor for any obligation under this Agreement, then the liability of each such person for such obligation is joint and several with each other such person.

Time: Time shall be of the essence in all provisions of this Agreement.

Whole Agreement, Amendments and Waiver: This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the whole and entire agreement between the parties in respect of the Facility (but shall not supercede or in any way effect the Loan Agreement between, amongst others, the Obligors and the Agent dated as of December 29, 2017 as the same may be amended, restated, modified or replaced from time to time (the "**December 2017 Loan Agreement**")). There are no verbal agreements, undertakings or representations in connection with the Facility. No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by each Obligor and the Agent. No failure or delay on the part of the Agent in exercising any right or power hereunder or under any of the Security shall operate as a waiver thereon. No course of conduct by the Agent will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Security or the Agent's rights thereunder.

Conflicts/Paramountcy: In the event of a conflict in or between the provisions of this Agreement and the provisions of any other Credit Document then, notwithstanding anything contained in such other Credit Document, the provisions of this Agreement will prevail and the provisions of such other Credit Document will be deemed to be amended to the extent necessary to eliminate such conflict. If any act or omission is expressly prohibited under a Credit Document (other than this Agreement) but this Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed under a Credit Document (other than this Agreement) but this Agreement does not expressly relieve the applicable Obligor from such performance, such circumstance shall not constitute a conflict in or between the provisions of this Agreement and the provisions of such Credit Document. For greater certainty, the existence of a particular representation, warranty, covenant or other provision in any Credit Document which is not contained in this Agreement shall not be deemed to be a conflict or inconsistency, and

that particular representation, warranty, covenant or other provision in the other Credit Document shall continue to apply.

[THIS REST OF THIS PAGE IS INTENTIONALLY BLANK. SIGNATURE PAGE FOLLOWS]

If the terms and conditions of this Agreement are acceptable to you, please sign in the space indicated below and return the signed copy of this Agreement to us. Acceptance may also be effected by facsimile or scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Agreement.

Yours truly,

BRIDGING FINANCE INC. as Agent, and as Lender

Per: _____
Name: Cameron Mew
Title: Portfolio Manager

I have authority to bind the Corporation.

ACCEPTANCE

Each of the undersigned hereby accepts this Agreement as of the first date written on the first page of this Agreement.

GROWFORCE HOLDINGS INC.

Per: _____
Name:
Title:

I/We have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name:
Title:

I/We have authority to bind the Corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:

I/We have authority to bind the Corporation.

If the terms and conditions of this Agreement are acceptable to you, please sign in the space indicated below and return the signed copy of this Agreement to us. Acceptance may also be effected by facsimile or scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Agreement.

Yours truly,

BRIDGING FINANCE INC. as Agent, and as Lender

Per: _____
Name:
Title:

I have authority to bind the Corporation.

ACCEPTANCE

Each of the undersigned hereby accepts this Agreement as of the first date written on the first page of this Agreement.

GROWFORCE HOLDINGS INC.

Per: _____
Name: Rishi Gautam
Title: Chief Executive Officer

I/We have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name: Rishi Gautam
Title: President and Chief Executive Officer

I/We have authority to bind the Corporation.

8586985 CANADA CORPORATION

Per: _____
Name: Rishi Gautam
Title: President

I/We have authority to bind the Corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name: Rishi Gautam
Title: President

I/We have authority to bind the Corporation.

HIGHGRADE MMJ CORPORATION

Per: _____
Name:
Title:

I/We have authority to bind the Corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:

I/We have authority to bind the Corporation.

HIGHGRADE MMJ CORPORATION

Per: _____
Name:
Title: President.

I/We have authority to bind the Corporation.

Schedules to the Amended and Restated Loan Agreement dated June 13, 2018 by and among GrowForce Holdings Inc., as borrower, GrowForce Manitoba Inc., 8586985 Canada Corporation, Grand River Organics Incorporated and Highgrade MMJ Corporation, as guarantors, Bridging Finance Inc., as agent, and the Lenders (as defined in the Amended and Restated Loan Agreement)

Schedule A
Definitions

In addition to terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

(a) "**Applicable Laws**" means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction.

(b) "**AMI Build-Out**" means the construction of a cannabis facility on the AMI Property.

(c) "**AMI Build-Out Agreement**" has the meaning ascribed thereto in the Section of this Agreement entitled "**AMI Subfacility**";

(d) "**AMI Build-Out Plan**" has the meaning ascribed thereto in the Section of this Agreement entitled "**AMI Subfacility**";

(a) "**AMI Property**" has the meaning ascribed thereto in the Section of this Agreement entitled "**AMI Subfacility**";

(b) "**AMI Purchase Agreement**" means the share purchase agreement among GrowForce Holdings Inc., as purchaser, and each of the Vendors, dated on or about the date hereof, relating to the purchase of 50% of all of the issued and outstanding shares in AMI Holdco.

(c) "**Brampton Property**" means the lands and building municipally known as 31 Hansen Road South, Unit 2, Brampton, ON.

(d) "**Business Day**" means any day other than a Saturday or a Sunday or any other day on which banks are closed for business in Toronto.

(e) "**Capital Stock**" means (a) any capital stock, partnership, membership, limited liability company, joint venture or other ownership or equity interest, participation or securities (whether voting or non-voting, whether preferred, common or otherwise), and (b) any option, warrant, security or other right (including indebtedness securities or other evidence of indebtedness) directly or indirectly convertible into or exercisable or exchangeable for, or otherwise to acquire directly or indirectly, any capital stock, partnership, membership, limited liability company, joint venture or other ownership or equity interest, participation or security described in clause (a) above

(f) "**Collateral**" means all of the Obligors' real and personal property.

(g) "**Change of Control**" means an event whereby any person or group of persons acting jointly or in concert (within the meaning of such phase in the *Securities Act* (Ontario)) shall beneficially own or control, directly or indirectly, equity interests in the capital of an Obligor which have or represent more than 51% of the votes that may be cast to elect the directors or other persons charged with the management and direction of such Obligor.

(h) "**Credit Document**" means this Agreement, the Security, and all other security agreements, hypothecs, mortgages, documents, instruments, certificates, and notices at any time delivered by any person (other than Lender and its affiliates) in connection with any of the foregoing, as the same may be amended, modified, restated or replaced from time to time.

(i) "**Designated Consultant**" means, Colliers International or such other consultant as shall be selected and designated by the Agent, with respect to the Winnipeg Project.

(j) **"Encumbrances"** means any mortgage, Lien, pledge, assignment, charge, security interest, title retention agreement, hypothec, levy, execution, seizure, attachment, garnishment, right of distress or other claim in respect of property of any nature or kind whatsoever howsoever arising (whether consensual, statutory or arising by operation of law or otherwise) and includes arrangements known as sale and lease-back, sale and buy-back and sale with option to buy-back or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the PPSA or Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

(k) "**Environmental Laws**" shall mean all federal, provincial, state, municipal and local laws, statutes, ordinances, programs, permits, guidance, orders, decrees and regulations, now or hereafter in effect, and in each case as amended or supplemented from time to time, and any applicable judicial interpretation thereof relating to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation).

(l) "**Environmental Liabilities**" shall mean all liabilities, obligations, responsibilities, remedial actions, removal costs, losses, damages of whatever nature, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim, suit, action or demand of whatever nature by any person and which relate to any health or safety condition regulated under any Environmental Law, environmental permits or in connection with any Release, threatened Release, or the presence of a Hazardous Material.

(m) "**EPA**" shall mean the *Environmental Protection Act* (Ontario) and the similar laws of Canada and any other province where any Collateral may be located, and any successor law or statute, as in effect from time to time or at any time.

(n) "**FSCO**" means the Financial Services Commission of Ontario and any person succeeding to the functions thereof and includes the Superintendent under the PBA and any other public authority empowered or created by the PBA.

(o) "**GAAP**" shall mean International Financial Reporting Standards or other generally accepted accounting principles in Canada applicable to any Obligor as in effect from time to time.

(p) "**Governmental Authority**" means any national or federal government, any provincial, state, regional, local or other political subdivision thereof with jurisdiction and any person with jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

(q) "**GrowForce AC Shareholders Agreement**" means the shareholders agreement relating to GrowForce AC Holdings Inc., dated June ●, 2018, between GrowForce Holdings Inc. and the Vendors, as such agreement may be amended and/or restated from time to time.

(r) "**Hazardous Material**" shall mean any substance, material or waste which is regulated by or forms the basis of liability now or hereafter under, any Environmental Laws, including any material or substance which is: (i) defined as a "solid waste," "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "contaminant," "hazardous constituent," "special waste," "toxic substance" or other similar term or phrase under any Environmental Laws; (ii) petroleum or any fraction or by-product thereof, asbestos, polychlorinated biphenyls (PCB's); or (iii) any radioactive substance.

(s) "**Initial Closing Date**" means April 23, 2018.

(t) **"Material Adverse Change"** means any change, condition or event which, when considered individually or together with other changes, conditions, events or occurrences could reasonably be expected to have a Material Adverse Effect.

(u) **"Material Adverse Effect"** means a material adverse effect on (i) the business, properties, operations, assets, or condition (financial or otherwise) of the Obligors (taken as a whole); (ii) on the rights and remedies of the Agent or the Lenders under this Agreement and the Security; (iii) on the ability of any Obligor to perform its obligations under this Agreement or any Credit Document; or (iv) on the legality, validity, binding effect or enforceability of the Encumbrances created by the Security Agreements.

(v) "**Obligations**" means all obligations of the Obligors to the Agent or the Lenders existing from time to time, pursuant to or in connection with this Agreement (as amended, modified, restated or replaced from time to time) and any other Credit Documents, including, without limitation any unpaid fees, accrued and unpaid interest outstanding principal, indemnity obligations and reimbursement obligations.

(w) "**PBA**" shall mean the *Pension Benefits Act* (Ontario) and the similar laws of any other province or territory of Canada, as in effect from time to time or at any time.

(x) **"person"** includes a natural person, a partnership, a joint venture, a trust, a fund, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity.

(y) "**Permitted Debt**" has the meaning given to such term in Representation (xxv).

(z) "**Permitted Encumbrance**" means:

(i) Encumbrances for taxes, assessments or governmental charges or levies on its real property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books, so long as such Obligor's title to, and its right to use, its Real Property are not materially adversely affected thereby;

(ii) Encumbrances imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar Encumbrances arising in the ordinary course of business which secure payment of obligations not more than 45 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books, so long as such Obligor's title to, and its right to use, its real property are not materially adversely affected thereby;

(iii) Encumbrances arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(iv) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and (ii) minor defects in title, in each case, which do not materially interfere with the conduct of the Obligors' business or the utilization thereof in the business of any Obligor;

(v) Encumbrances securing the Obligations;

(vi) Encumbrances securing capital lease obligations and purchase money Indebtedness permitted by this agreement, provided that (i) such Encumbrances shall be created substantially simultaneously with the acquisition or lease of the related asset, (ii) such Encumbrances do not at any time encumber any property other than the property financed by such indebtedness, (iii) the amount of indebtedness secured thereby is not increased and (iv) the principal amount of indebtedness secured by any such Encumbrance shall at no time exceed one hundred percent (100%) of the original purchase price of such property at the time it was acquired;

(vii) Encumbrances arising out of judgments, attachments or awards not contrary to Event of Default '(xii)" or securing appeal or other surety bonds relating to such judgments;

(viii) Encumbrances (i) incurred in the ordinary course of business to secure the performance of tenders, statutory obligations (other than excise taxes), surety, stay, customs and appeal bonds, statutory bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) or (ii) arising by virtue of deposits made in the ordinary course of business to secure liability for premiums to insurance carriers;

(ix) bankers' Encumbrances, rights of setoff and other similar Encumbrances existing solely with respect to cash and cash equivalent investments on deposit in one or more accounts maintained by any Loan Party or its Subsidiaries, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements;

(x) the filing of PPSA financing statements solely as a precautionary measure in connection with operating leases otherwise permitted hereunder;

(xi) Encumbrances existing on the date of this Agreement the details of which are set out in Schedule "E" hereto;

(xii) servitudes, easements, rights-of-way, restrictions and other similar encumbrances on real property imposed by applicable law or incurred in the ordinary course of business and encumbrances consisting of zoning or building restrictions, by-laws, easements, licenses, restrictions on the use of property or minor defects or imperfections in title thereto which, in the aggregate, are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any Obligor;

(xiii) title defects or irregularities which are of a minor nature and in the aggregate do not materially impair the use or value of the property subject thereto;

(xiv) the rights reserved to or vested in governmental authorities by statutory provisions or by the terms of leases, licenses, franchises, grants or permits, which affect any land, to terminate the leases, licenses, franchises, grants or permits or to require annual or other periodic payments as a condition of the continuance thereof;

(xv) securities to public utilities or to any municipalities or governmental authorities or other public authority when required by the utility, municipality or governmental authorities or other public authority in connection with the supply of services or utilities to any Loan Party;

(xvi) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown;

(xvii) Encumbrances in respect of operating leases entered into in the ordinary course of the business of any Obligor; provided that such Encumbrances do not extended to any other property of any Obligor;

(xviii) any Encumbrances arising under Canadian pension standards legislation;

(xix) with respect to the Brampton Property, any Encumbrances on such real property granted by the current or prior owners of the Brampton Property;

(xx) any Encumbrances consented to by the Agent, Encumbrances subject to a subordination or intercreditor agreement which the Agent is a signatory, and other Encumbrances granted to the Agent in respect of this Agreement, the December 2017 Loan Agreement, the Winnipeg PNote or otherwise.

(aa) **"PPSA**" means the *Personal Property Security Act* (Ontario) as the same may be amended from time to time.

(bb) **"Prime Rate"** means the annual rate of interest established by The Bank of Nova Scotia and in effect on such day as the reference rate used to determine the rate of interest changed on Canadian dollar loans to commercial customers in Canada and designated by The Bank of Nova Scotia as its Prime Rate.

(cc) **"Priority Claims"** means the aggregate of any amounts accrued or payable by each Obligor which under any law may rank prior to or *pari passu* with any of the Security Agreements or otherwise in priority to any claim by the Agent for payment or repayment of any amounts owing under this Agreement, including: (i) wages, salaries, commissions or other remuneration; (ii) vacation pay; (iii) pension plan contributions; (iv) amounts required to be withheld from payments to employees or other persons for federal and provincial income taxes, employee Canadian Pension Plan contributions and employee Employment Insurance premiums, additional amounts payable on account of employer Canada Pension Plan contributions and employer Employment Insurance premiums; (v) harmonized sales tax; (vi) provincial sales or other consumption taxes; (vii) Workers' Compensation Board and Workplace Safety and Insurance Board premiums or similar premiums; (viii) real property taxes; (ix) rent and other amounts payable in respect of the use of real property; (x) amounts payable for repair, storage, transportation or construction or other services which may give rise to a possessory or registerable lien; (xi) claims which suppliers could assert pursuant to Section 81.1 or Section 81.2 of the *Bankruptcy and Insolvency Act* (Canada); and (xii) WEPPA Claims.

(dd) "**Related Party Contracts**" means those contracts, agreements and other documents involving one or more Obligors and referenced in Schedule "D";

(ee) "**Release**" shall mean, as to any Obligor, any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Materials in the indoor or outdoor environment by such Person, including the movement of Hazardous Materials through or in the air, soil, surface water, ground water or property;

(ff) "**Restricted Payment**" shall mean: (i) the declaration or payment of any dividend or the incurrence of any liability to make any other payment or distribution of cash or other property or assets on or in respect of Borrower's or any other Obligor's capital stock or partnership units; (ii) any payment or distribution made in respect of any subordinated indebtedness of Borrower or any other Obligor in violation of any subordination or other agreement made in favour of Agent, but subject in all cases to the subordination, priority or intercreditor agreement with Agent; (iii) any payment on account of the purchase, redemption, defeasance or other retirement of Borrower's or any other Obligor's capital stock (including partnership units) or (iv) debt for borrowed money owed to the holder of any capital stock of any Obligors, or any other payment, voluntary prepayment or distribution made in respect thereof, either directly or indirectly other than: (a) that

arising under this Agreement, (b) remuneration paid to employees, officers and directors in the ordinary course of business and in amounts consistent with past practice, (c) any amounts and payments set out in Schedule "D" hereto, and (d) any other amounts and payments that the Agent may consent to in writing after the date hereof; provided, that (A) no payment to the Agent or any Lender shall constitute a Restricted Payment and (B) the Borrower shall, as a one time annual payment to be made within 90 days of the end of any Fiscal Year, be permitted to pay up to 15% of the net income of GF Manitoba to Sean McCoshen provided that such payment is not made during the continuance of an Event of Default and could not reasonably be expected to cause an Event of Default;

(gg) "**Share Purchase Agreement**" shall mean the share purchase agreement dated as of the date hereof between the Borrower, as purchaser, and 2580413 Ontario Inc., Jerry Pacheco Silva, Randy Silva, Sandro Derocchis, Sonia Lynn Derocchis, Christopher Procyk and Robynn Victoria Sorrell, as vendors/ shareholders of 8586, in connection with the purchase the Borrower of all of their respective shares in the capital stock of 8586, as such agreement may be amended, restated, modified and supplemented from time to time.

(hh) "**to the knowledge of**" means, with respect to the applicable person, the current, actual knowledge of such person as to the particular matters stated.

(ii) "**Vendors**" means the Besim Halef Family Trust (2004), Christine Halef, Nadia Halef, and Joseph Faddoul.

(jj) **"WEPPA Claims"** means any claims made against each Obligor pursuant to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1, as the same may be amended, restated or replaced from time to time.

(kk) "**Winnipeg Model**" means each Obligor's construction and business plan for the Winnipeg Project and related financial model, as delivered to the Agent on or before the Initial Closing Date;

(ll) "**Winnipeg Project**" means the construction/retrofit and build out of the lands and buildings municipally known as 1 Warman Road, Winnipeg, Manitoba (the "**Winnipeg Property**") for the purpose of constructing and licensing a cannabis growth and processing facility.

Words importing the singular include the plural thereof and vice versa and words importing gender include the masculine, feminine and neuter genders.

Schedule "B"
Jurisdictions of the Obligors

(A) the jurisdictions in which each Obligor is organized and qualified to do business:

Obligor	Jurisdiction of Organization	Other Jurisdictions of Operation
GrowForce Holdings Inc.	Ontario	None
GrowForce Manitoba Inc.	Manitoba	None
Grand River Organics Incorporated	Ontario	None
Highgrade MMJ Corporation	Canada	None
8586985 Canada Corporation	Canada	None

(B) the locations where each Obligor has tangible personal property with a value greater than $100,000:

Same as shown in the General Security Agreement executed and delivered by each Obligor contemporaneously with the Original Loan Agreement.

(C) the chief executive office of each Obligor:

Same as shown in the General Security Agreement executed and delivered by each Obligor contemporaneously with the Original Loan Agreement.

(D) each name used by the Obligors in the previous five (5) years:

See the names listed in Section (A) above.

In addition, 8586985 Canada Corporation conducts business under the name WILL Cannabis Group.

FIRST AMENDMENT TO AMENDED AND RESTATED LETTER LOAN AGREEMENT

EXECUTED by the parties hereto as of the 23rd day of July, 2018.

Recitals addressing the history of the Mjardin Loan

WHEREAS MJAR HOLDINGS, LLC, MJARDIN CAPITAL, LLC, 6100 E. 48TH AVE., LLC, MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT MISSOURI, LLC, MJARDIN MANAGEMENT TEXAS, LLC, MJARDIN MANAGEMENT HAWAII, LLC, MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, MJARDIN MANAGEMENT FLORIDA, LLC, MJARDIN MANAGEMENT MASSACHUSETTS, LLC, MJARDIN MANAGEMENT VERMONT, LLC, MJARDIN MANAGEMENT OHIO, INC., BUDDY BOY BRANDS HOLDINGS, LLC, MJARDIN MANITOBA INC. and GROWFORCE CORP. (formerly known as MJARDIN CANADA INC.) (collectively, the "**Initial Borrowers**") entered into a loan agreement with BRIDGING FINANCE INC., as agent (the "**Agent**") and the lenders party thereto dated as of December 29, 2017 (as amended, joined, or supplemented to the date hereof, the "**Mjardin Loan Agreement**");

AND WHEREAS each of 2426 S. FEDERAL, LLC, 5040 YORK, LLC, BUDDY BOY BRANDS, LLC and EC CONSULTING, LLC (collectively, the "**BB Entities**") entered into and delivered to the Agent a Joinder dated as of January 17, 2018, thereby agreeing to be bound by the terms of the Mjardin Loan Agreement as a Borrower thereunder;

AND WHEREAS each of GROWFORCE HOLDINGS INC. and GROWFORCE MANITOBA INC. (collectively, the "**GrowForce Entities**") entered into and delivered to the Agent a Joinder dated as of February 12, 2018, thereby agreeing to be bound by the terms of the Mjardin Loan Agreement as a Borrower thereunder;

AND WHEREAS each of GRAND RIVER ORGANICS INCORPORATED and HIGHGRADE MMJ CORPORATION (collectively, the "**GRO Entities**") entered into and delivered to the Agent a Joinder dated as of March 1, 2018, thereby agreeing to be bound by the terms of the Mjardin Loan Agreement as a Borrower thereunder;

AND WHEREAS 8586985 CANADA CORPORATION ("**8586 Canada**") entered into and delivered to the Agent a Joinder dated as of April 23, 2018, thereby agreeing to be bound by the terms of the Mjardin Loan Agreement as a Borrower thereunder;

AND WHEREAS the GrowForce Entities, the GRO Entities and 8586 Canada (collectively the "**Canadian Entities**") have Canadian Obligations, outstanding as at the date hereof, pursuant to the Mjardin Loan Agreement, in an amount equal to $5,877,548.25. (the "**Transitioning Canadian Obligations**").

Other Recitals

AND WHEREAS a first amendment to loan agreement in respect of the Mjardin Loan Agreement (the "**Mjardin Removal Amendment**") dated as of the date of this First Amendment to Amended and Restated Letter Loan Agreement (this "**First A&R Amendment**") is intended to be entered into to, among other things, remove the Canadian Entities from the Mjardin Loan Agreement and to continue the Transitioning Canadian Obligations under the Growforce Loan Agreement.

AND WHEREAS the Canadian Entities entered into an amended and restated letter loan agreement with the Agent dated June 13, 2018 (the "**Growforce Loan Agreement**");

AND WHEREAS as a condition to the Agent entering into the Mjardin Removal Amendment, the Agent requires the Canadian Entities to enter into this First A&R Amendment.

AND WHEREAS the parties hereto have agreed to amend certain provisions of the Growforce Loan Agreement, but, in each case, only to the extent and subject to the limitations set forth in this First A&R Amendment;

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Growforce Loan Agreement.

ARTICLE II – AMENDMENTS

2.1 The Growforce Loan Agreement is hereby amended as follows:

(a) The definition of Maximum Facility Amount in the Growforce Loan Agreement is hereby increased from $90,238,186.00 to $96,115,734.25;

(b) The following paragraph is hereby added to appear at the end of the section entitled "Sub-Facilities" therein:

> "**Transitioned Canadian Subfacility**: The principal amount of the Transitioned Canadian Subfacility is $5,877,548.25. The Transitioned Canadian Subfacility has been fully advanced to the Borrower in its entirety**.**"

(c) The first two paragraphs of the Section of the Growforce Loan Agreement entitled "**Interest Rate and Fees**" beginning with "Interest:" are hereby deleted in their entirety and replaced with the following:

> "Interest: Interest shall be calculated on the outstanding principal amount of the applicable Subfacility at the applicable rate noted below, with such interest accruing daily and compounded monthly, not in advance.
>
> | **Subfacility** | **Interest Rate** |
> |---|---|
> | All Subfacilities other than the Transitioned Canadian Subfacility | Prime Rate plus 8.55% per annum |
> | Transitioned Canadian Subfacility | Prime Rate plus 10.8% per annum (the "**Transitioned Subfacility Interest Rate**"). |
>
> Accrued interest on the outstanding principal amount of each Subfacility shall be due and payable monthly, in arrears, on the first Business Day of each month (the "**Interest Payment Date**"). Notwithstanding the previous sentence or any other provision herein to the contrary including, without limitation, the provisions of the "Payments" section hereof:

(a) in respect of all Subfacilities (other than the Transitioned Canadian Subfacility), for the period prior to the date that is the first day of the fourteenth month from the Initial Closing Date, accrued interest on the outstanding principal amount of each such Subfacility shall not be payable in cash, and instead shall be added to the principal amount of the applicable Subfacility on the date when such interest would otherwise be payable; and

(b) in respect of the Transitioned Canadian Subfacility, the Borrower shall, on the first Business Day of each month, pay in arrears in cash by automatic bank draft to an account designated in writing by the Agent a portion of the interest accrued on the outstanding principal amount of the Transitioned Canadian Subfacility, based on an interest rate equal to a floating rate per annum, calculated and automatically reset on a daily basis, equal to the sum of (i) Prime Rate plus (ii) six and eight tenths percent (6.8%). On account of this calculation, the monthly payment of interest shall be less than the amount of interest accrued during such month (with the difference being referred to as the "**Capitalized Portion of Interest**") and the Capitalized Portion of Interest shall be added to the principal amount outstanding under the Transitioned Canadian Subfacility and shall accrue interest from such date at the Transitioned Subfacility Interest Rate."

For the purpose of this Agreement, if reference is made to a rate of interest, fee or other amount "per annum" or a similar expression is used, such interest, fee or other amount shall be calculated on the basis of a year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be. If the amount of any interest, fee or other amount is determined or expressed on the basis of a period of less than one year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be, the equivalent yearly rate is equal to the rate so determined or expressed, divided by the number of days in the said period, and multiplied by the actual number of days in that calendar year."

(d) The Section of the Growforce Loan Agreement entitled "**Prepayment**" is hereby deleted in its entirety and replaced with the following new provisions:

"(a) Prepayment Notice. The Facility may be prepaid in full or partially at any time without any fee or penalty after the one year anniversary of the first Advance under the Facility provided that the Borrower shall deliver an irrevocable prepayment notice to the Agent (the "**Prepayment Notice**") ninety (90) days prior to the proposed prepayment date (the "**Prepayment Date**") setting forth the amount being prepaid (the "**Prepayment Amount**") and provided that the Borrower pays the full Prepayments Amount on the Prepayment Date.

In the event that the Prepayment Amount is not paid in full on the Prepayment Date, then the Agent shall have the option, in its discretion, to declare and consider the Prepayment Notice to be null and void such that any prepayment shall thereafter only be permitted by the delivery of a new Prepayment Notice in compliance with this section.

(b) Advance Notice Fee. Should the Borrower wish to prepay the Facility in full or partially, at any time without having to provide the Agent with the required ninety (90)

days prior notice, the Borrower shall pay to the Agent, for each Subfacility or portion thereof that is being prepaid, an amount calculated in accordance with the formula set out below and which amount shall be due and payable as of the date the prepayment is made (the amount calculated using the formula noted below for each Subfacility being prepaid, is referred to as a "**Subfacility Notice Fee**" and the aggregate of all such Subfacility Notice Fees, with reference to all Subfacilities being prepaid, is referred to herein as the "**Advance Notice Fee**"):

each Subfacility Notice Fee ("SNF"):	I/365 x (90 – N) x M
Advance Notice Fee:	Aggregate of all SNFs applicable to all Subfacilities (or portions thereof) being prepaid.

Where:

I = with reference to the amount of the particular Subfacility or each portion thereof being prepaid, the annual interest rate applicable to such Subfacility or portion thereof on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made;

N = where a Prepayment Notice was given, the number of days between the date the Prepayment Notice is given and the date of prepayment, provided that if no Prepayment Notice was given, N shall equal 0; and

M = with reference to the same Subfacility as that to which "I" relates, the amount of such Subfacility or portion thereof that is being prepaid, including any proportionate interest and other fees owing on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made.

(c) One Year Prepayment Amount. In the event that the Borrower desires to prepay the Facility prior to the one year anniversary of the first Advance of the Facility, the Borrower shall pay to the Agent, for each Subfacility or portion thereof that is being prepaid, an amount calculated in accordance with the formula set out below and which shall be due and payable as of the date the prepayment is made (the amount calculated using the formula noted below for each Subfacility being prepaid, is referred to as a "**Subfacility One Year Amount**" and the aggregate of all such Subfacility One Year Amounts, with reference to all Subfacilities being prepaid within such one year anniversary, is referred to herein as the "**One Year Prepayment Amount**"):

each Subfacility One Year Amount ("SOYA"):	I/365 x (365 – N) x M
One Year Prepayment Amount:	Aggregate of all SOYAs applicable to all Subfacilities (or portions thereof) being prepaid.

Where:

I = with reference to the amount of the particular Subfacility or each portion thereof being prepaid, the annual interest rate applicable to such Subfacility or portion thereof on the date the Prepayment Date;

N = the number of days between the first advance of the Facility and the Prepayment Date; and

M = with reference to the same Subfacility as that to which "I" relates, the amount of such Subfacility or portion thereof that is being prepaid, including any proportionate interest and other fees owing on the date the Prepayment Date.

(d) For greater certainty, and in addition to the above provisions:

(i) the fees referenced in this "Prepayment" section shall not be payable by the Borrower as a result of any demand made by the Agent under this Agreement, except where such demand is made by the Agent following the occurrence and during the continuance of an Event of Default and the Agent reasonably believes that the Borrower intentionally caused the occurrence of such Event of Default to cause the Agent to make demand in an effort to avoid having to pay either of the foregoing fees that would, in the circumstances, otherwise be payable; and

(ii) in the event the Facility is prepaid in full prior to the one year anniversary of the first Advance, and the Borrower does not provide the Prepayment Notice within the ninety (90) day period required, the Borrower shall be required to pay the Advance Notice Fee or the One Year Prepayment Amount, whichever is greater, but in no event shall the Borrower be required to pay both the Advance Notice Fee and the One Year Prepayment Amount."

ARTICLE III – CONDITIONS TO EFFECTIVENESS

3.1 This First A&R Amendment shall become effective upon the Borrower delivering to the Agent an executed copy of this First A&R Amendment.

ARTICLE IV – REAFFIRMATION OF OBLIGATIONS

4.1 Each of the Obligors:

(a) reaffirms its obligations under the Growforce Loan Agreement, and

(b) confirms that its obligations remain in full force and effect with respect to the Growforce Loan Agreement and the other Credit Documents,

in each case after giving effect to the amendments provided for herein.

ARTICLE V – NO OTHER WAIVER OR AMENDMENT

5.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Growforce Loan Agreement is intended or implied. This First A&R Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VI – MISCELLANEOUS

6.1 This First A&R Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

6.2 All costs incurred by the Agent in preparing this First A&R Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrower, and shall form part of the Obligations secured by the Security granted by the Borrower in favour of the Agent.

6.3 This First A&R Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

6.4 This First A&R Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this First A&R Amendment as of the date first above written.

BRIDGING FINANCE INC., as agent

Per: _____
Name:
Title:

GROWFORCE HOLDINGS INC.

Per: Rishi Gautam
Name: Rishi Gautam
Title: CEO

I/We have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: Rishi Gautam
Name: Rishi Gautam
Title: CEO

I/We have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: Rishi Gautam
Name: Rishi Gautam
Title: CEO

I/We have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: Rishi Gautam
Name: Rishi Gautam
Title: CEO

I/We have authority to bind the corporation.

The parties have executed this First A&R Amendment as of the date first above written.

BRIDGING FINANCE INC., as agent

Per: _____
Name: Graham Mavr
Title: Portfolio Manager

GROWFORCE HOLDINGS INC.

Per: _____
Name:
Title:

I/We have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name:
Title:

I/We have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:

I/We have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:

I/We have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: Bernie Braemer
Name: Bernie Braemer
Title: president

I/We have authority to bind the corporation.

SECOND AMENDMENT TO AMENDED AND RESTATED LETTER LOAN AGREEMENT

ENTERED INTO by the parties hereto as of the 27th day of July, 2018.

WHEREAS GROWFORCE HOLDINGS INC. (the "**Borrower**"), GROWFORCE MANITOBA INC., GRAND RIVER ORGANICS INCORPORATED, HIGHGRADE MMJ CORPORATION and 8586985 CANADA CORPORATION entered into an amended and restated letter loan agreement with the Agent dated June 13, 2018, as amended by a First Amendment to Amended and Restated Letter Loan Agreement, dated as of July 23, 2018 (the "**Growforce Loan Agreement**");

AND WHEREAS the parties hereto have agreed to amend certain provisions of the Growforce Loan Agreement, but, in each case, only to the extent and subject to the limitations set forth in this Second A&R Amendment.

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used in this Fires and not otherwise defined herein shall have the meanings ascribed to such terms in the Growforce Loan Agreement.

ARTICLE II – AMENDMENTS

2.1 Part (ii)1. of the Section of the Loan Agreement entitled Share Consideration is hereby deleted in its entirety and replaced with the following:

> "1. For the purposes of this part 1, the term "**September 2018 RTO**" means the Going Public Transaction, anticipated to occur in mid-September 2018.
>
> Going Public Transaction or Change in Control other than the September 2018 RTO: In the event of a Going Public Transaction or Change in Control other than the September 2018 RTO or (ii) a Change in Control, in each case occurring prior to 5:00 p.m. (Toronto time) on January 17, 2021 (the "**Outside Date**"), the Borrower agrees to issue to the Agent (or one or more Lenders, or nominees of the Agent, and in such proportions as the Agent may direct to the Borrower) the number of common shares in the capital of the Borrower (each, a "**Share**") equal to six million five hundred thousand dollars ($6,500,000) (the "**Share Consideration Amount**") divided by the Current Market Price (the result of such calculation being referred to as the "**Consideration Shares**"). No fractional Shares will be issuable and the Agent and Lenders will not be entitled to any cash payment or compensation in lieu of a fractional Share.
>
> September 2018 RTO In the event that the September 2018 RTO occurs, then the Borrower shall within ten (10) days of the occurrence of the September 2018 RTO, and at the election of the Lender either (i) pay to the Lender or as directed by the Lender $6,500,000 (at such wire address directed by the Lender) or (ii) issue to the Lender, or to such person directed by the Lender, two million thirty

one thousand two hundred fifty (2,031,250) common shares in the capital of the Borrower at a deemed issue price of $3.20.

Notwithstanding any other provision of this Agreement, any obligation of the Borrower set out in this Section entitled "Share Consideration", including any obligation to issue shares or make a payment to the Lender shall survive termination of this Agreement (including by way of repayment or otherwise)."

ARTICLE III – CONDITIONS TO EFFECTIVENESS

3.1 This Second A&R Amendment shall become effective upon the Borrower delivering to the Agent an executed copy of this Second A&R Amendment.

ARTICLE IV – REAFFIRMATION OF OBLIGATIONS

4.1 Each of the Obligors:

(a) reaffirms its obligations under the Growforce Loan Agreement, and

(b) confirms that its obligations remain in full force and effect with respect to the Growforce Loan Agreement and the other Credit Documents,

in each case after giving effect to the amendments provided for herein.

ARTICLE V – NO OTHER WAIVER OR AMENDMENT

5.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Growforce Loan Agreement is intended or implied. This Second A&R Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VI – MISCELLANEOUS

6.1 This Second A&R Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

6.2 All costs incurred by the Agent in preparing this Second A&R Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrower, and shall form part of the Obligations secured by the Security granted by the Borrower in favour of the Agent.

6.3 This Second A&R Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

6.4 This Second A&R Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Second A&R Amendment as of the date Second above written.

BRIDGING FINANCE INC., as agent

Per: _____
Name: Graham Maw
Title: Portfolio Manager

GROWFORCE HOLDINGS INC.

Per: _____
Name: Chris Seto
Title: Chief Financial Officer

I/We have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name: Chris Seto
Title: Chief Financial Officer

I/We have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:

I/We have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:

I/We have authority to bind the corporation.

The parties have executed this Second A&R Amendment as of the date Second above written.

BRIDGING FINANCE INC., as agent

Per: _____
Name: Graham Mew
Title: Portfolio Manager

GROWFORCE HOLDINGS INC.

Per: _____
Name:
Title:

I/We have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name:
Title:

I/We have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name: Jerry Pacheco Silva
Title: CEO

I/We have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name: Dan Marazzato
Title: President

I/We have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: _____
Name:
Title:

I/We have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: _____
Name: Bernie Braemer
Title: president

I/We have authority to bind the corporation.

THIRD AMENDMENT TO AMENDED AND RESTATED LETTER LOAN AGREEMENT

EXECUTED by the parties hereto as of the 6th day of November, 2018.

WHEREAS GROWFORCE HOLDINGS INC. (the "**Borrower**"), GROWFORCE MANITOBA INC., GRAND RIVER ORGANICS INCORPORATED, HIGHGRADE MMJ CORPORATION and 8586985 CANADA CORPORATION entered into an amended and restated letter loan agreement with the Agent dated June 13, 2018 (the "**Amended Letter Loan Agreement**"), as amended by a First Amendment to Amended and Restated Letter Loan Agreement, dated as of July 23, 2018 (the "**First Amendment**") and a Second Amendment to Amended and Restated Letter Loan Agreement, dated as of July 27, 2018 (the "**Second Amendment**", and the Amended Letter Loan Agreement, as amended by the First Amendment and the Second Amendment is referred to herein as the "**Growforce Loan Agreement**");

AND WHEREAS the parties hereto have agreed to further amend the Growforce Loan Agreement so as to provide for an additional $10,0000,000 facility in favour of the Borrower.

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used in this Third Amendment to Amended and Restated Letter Loan Agreement (this "**Amendment**") and not otherwise defined herein shall have the meanings ascribed to such terms in the Growforce Loan Agreement.

ARTICLE II – AMENDMENTS

2.1 The Growforce Loan Agreement is hereby amended as follows:

(a) The definition of "Maximum Facility Amount" is hereby amended so as to replace the reference to "$96,115,734.25" appearing therein with "$106,115,734.25";

(b) The following new provision is hereby added to appear at the end of the section entitled "Sub-Facilities:" therein:

> "**General Purposes Subfacility**: The principal amount of the General Purposes Subfacility is $10,000,000. Proceeds of the General Purposes Subfacility shall be used for working capital and general corporate purposes of the Borrower. The full amount of the General Purposes Subfacility shall be advanced to the Borrower in a single draw on November 6, 2018 provided that all 'Conditions Precedent' set out in this Agreement shall have been satisfied or waived."

ARTICLE III – CONDITIONS TO EFFECTIVENESS

3.1 This Amendment shall become effective upon the Borrower delivering to the Agent an executed copy of this Amendment.

ARTICLE IV – REAFFIRMATION OF OBLIGATIONS

4.1 Each of the Obligors:

(a) reaffirms its obligations under the Growforce Loan Agreement, and

(b) confirms that its obligations remain in full force and effect with respect to the Growforce Loan Agreement and the other Credit Documents,

in each case after giving effect to the amendments provided for herein.

ARTICLE V – NO OTHER WAIVER OR AMENDMENT

5.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Growforce Loan Agreement is intended or implied. This Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VI – MISCELLANEOUS

6.1 This Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

6.2 All costs incurred by the Agent in finalizing this Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrower and shall form part of the Obligations secured by the Security granted by the Borrower in favour of the Agent.

6.3 This Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

6.4 This Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name: Graham Marr
Title: Portfolio Manager

GROWFORCE HOLDINGS INC.

Per: _____
Name:
Title:

I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name:
Title:

I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:

I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:

I have authority to bind the corporation.

The parties have executed this Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name:
Title:

GROWFORCE HOLDINGS INC.

Per: _____
Name: Chris Seto
Title: CFO

I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name: Chris Seto
Title: CFO

I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:

I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:

I have authority to bind the corporation.

The parties have executed this Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name:
Title:

GROWFORCE HOLDINGS INC.

Per: _____
Name:
Title:

I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name:
Title:

I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name: Jerry Silva
Title: Director

I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:

I have authority to bind the corporation.

The parties have executed this Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name:
Title:

GROWFORCE HOLDINGS INC.

Per: _____
Name:
Title:

I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name:
Title:

I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:

I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name: Dan Marazzato
Title: President

I have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: _____
Name: Bernard Braemer
Title: President

I have authority to bind the corporation.

FOURTH AMENDMENT TO AMENDED AND RESTATED LETTER LOAN AGREEMENT

EXECUTED by the parties hereto as of the 11th day of December, 2018.

WHEREAS GROWFORCE HOLDINGS INC., as borrower (the "**Borrower**"), GROWFORCE MANITOBA INC., GRAND RIVER ORGANICS INCORPORATED, HIGHGRADE MMJ CORPORATION and 8586985 CANADA CORPORATION, as guarantors (together with the Borrower, the "**Obligors**") entered into an amended and restated letter loan agreement with BRIDGING FINANCE INC., as agent (the "**Agent**"), and as lender, dated as of June 13, 2018 (the "**Amended Letter Loan Agreement**"), as amended by a First Amendment to Amended and Restated Letter Loan Agreement dated as of July 23, 2018, a Second Amendment to Amended and Restated Letter Loan Agreement dated as of July 27, 2018, and a Third Amendment to Amended and Restated Letter Loan Agreement dated as of November 6, 2018, and as further amended, restated, supplemented or otherwise modified from time to time, collectively referred to herein as, the "**Growforce Loan Agreement**");

AND WHEREAS the Growforce Loan Agreement provides for the advance of the AMI Subfacility Second Advance upon satisfaction of the conditions precedent set out therein, for the purpose of funding the outstanding balance required to purchase 50% of the issued and outstanding Capital Stock in Growforce AC Holdings Inc. (which holds 100% of the issued and outstanding Capital Stock of AtlantiCann Medical Inc.) pursuant to the terms of the AMI Purchase Agreement;

AND WHEREAS the parties hereto have agreed that notwithstanding satisfaction of the conditions precedent to the AMI Subfacility Second Advance set out in the Growforce Loan Agreement, the Borrower does not require an advance under the AMI Subfacility Second Advance in order to satisfy its obligation to pay the Purchase Price (as defined in the AMI Purchase Agreement);

AND WHEREAS the parties hereto have agreed to further amend the Growforce Loan Agreement so as to reflect their agreement to cancel the AMI Subfacility Second Advance, and to make related amendments, but in each case, only to the extent and subject to the limitations set forth in this Fourth Amendment to Amended and Restated Letter Loan Agreement (this "**Fourth Amendment**");

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used in this Fourth Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Growforce Loan Agreement.

ARTICLE II – CONSENT AND WAIVER

2.1 Notwithstanding any provision contained in the Growforce Loan Agreement to the contrary, the Agent hereby consents to payment by one or more of the Obligors from cash already available to it, of the full amount required to satisfy the outstanding balance of the Purchase Price (as such term is defined in the AMI Purchase Agreement), as set out in Section 2.5(c) of the AMI Purchase Agreement (the "**Cash Payment**").

2.2 In connection with the foregoing consent, the Agent hereby waives any Event of Default that would be caused solely by a breach of any provision contained in the Growforce Loan Agreement occurring as a result of the Cash Payment being made by one or more of the Obligors.

ARTICLE III – AMENDMENTS

3.1 The Growforce Loan Agreement is hereby amended as follows:

(a) The definition of "**Maximum Facility Amount**" is hereby amended so as to replace the reference to "$106,115,734.25" appearing therein with "$90,776,734.25";

(b) The definition of "**AMI Subfacility Maximum Amount**" is hereby amended so as to replace the reference to "$30,974,555" appearing therein with "$15,635,555.00";

3.2 The parties hereby agree that, notwithstanding any provision of the Growforce Loan Agreement, the Agent and the Lenders shall have no further obligation to advance funds in connection with the AMI Subfacility Second Advance, and the commitment to make the AMI Subfacility Second Advance is hereby cancelled and terminated.

3.3 For greater certainty and the avoidance of doubt, the Borrower shall not be required to pay the portion of the AMI Work Fee due and payable contemporaneously with the AMI Subfacility Second Advance, and there shall be no adjustment of any other fees payable or amounts due under the Growforce Loan Agreement.

ARTICLE IV – CONDITIONS TO EFFECTIVENESS

4.1 This Fourth Amendment shall become effective upon the Borrower delivering to the Agent an executed copy of this Fourth Amendment.

ARTICLE V – REAFFIRMATION OF OBLIGATIONS

5.1 Each of the Obligors:

(a) reaffirms its obligations under the Growforce Loan Agreement, and

(b) confirms that its obligations remain in full force and effect with respect to the Growforce Loan Agreement and the other Credit Documents,

in each case after giving effect to the amendments provided for herein.

ARTICLE VI – NO OTHER WAIVER OR AMENDMENT

6.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Growforce Loan Agreement is intended or implied. This Fourth Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VII – MISCELLANEOUS

7.1 This Fourth Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

7.2 All costs incurred by the Agent in preparing this Fourth Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrower and shall form part of the Obligations secured by the Security granted by the Borrower in favour of the Agent.

7.3 This Fourth Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

7.4 This Fourth Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Fourth Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name: Graham Marr
Title: Portfolio Manager

GROWFORCE HOLDINGS INC.

Per: Rishi Gautam
Name: Rishi Gautam
Title: CEO
I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: Rishi Gautam
Name: Rishi Gautam
Title: CEO
I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name: Jerry Pacheco Silva
Title: Director
I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name: Dan Marazzato
Title: President
I have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: Bernie Braemer
Name: Bernie Braemer
Title: president
I have authority to bind the corporation.

FIFTH AMENDMENT TO AMENDED AND RESTATED LETTER LOAN AGREEMENT

EXECUTED by the parties hereto as of the 29th day of May, 2019.

WHEREAS GROWFORCE HOLDINGS INC., as borrower (the "**Borrower**"), GROWFORCE MANITOBA INC., GRAND RIVER ORGANICS INCORPORATED, HIGHGRADE MMJ CORPORATION and 8586985 CANADA CORPORATION, as guarantors (together with the Borrower, the "**Obligors**") entered into an amended and restated letter loan agreement with BRIDGING FINANCE INC., as agent (the "**Agent**"), and as lender, dated as of June 13, 2018 (the "**Amended Letter Loan Agreement**"), as amended by a First Amendment to Amended and Restated Letter Loan Agreement dated as of July 23, 2018, a Second Amendment to Amended and Restated Letter Loan Agreement dated as of July 27, 2018, a Third Amendment to Amended and Restated Letter Loan Agreement dated as of November 6, 2018, and a Fourth Amendment to Amended and Restated Letter Loan Agreement dated as of December 11, 2018 and as further amended, restated, supplemented or otherwise modified from time to time, collectively referred to herein as, the "**Growforce Loan Agreement**");

AND WHEREAS the parties hereto have agreed to further amend the Growforce Loan Agreement to the extent and subject to the limitations set forth in this Fifth Amendment to Amended and Restated Letter Loan Agreement (this "**FIFTH AMENDMENT**");

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used in this Fifth Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Growforce Loan Agreement.

ARTICLE II – AMENDMENTS

Change of interpretation of Demand Nature of Facility

2.1 When the Growforce Loan Agreement was entered into the parties agreed that the Agent could at any time, and irrespective of the occurrence or continuance of an Event of Default, accelerate all Obligations and require the Borrower to immediately repay all Obligations (including all outstanding interest and principal) to the Agent. The parties now desire that all references in the Growforce Loan Agreement to the right of the Agent to accelerate Obligations and or make demand therefor at will, shall be read to give to the Agent the limited right to only accelerate Obligations (including, without limitation, all outstanding principal and interest) and make demand therefor only during the continuance of an Event of Default.

Accordingly, the parties hereto agree that, notwithstanding anything to the contrary contained in the Growforce Loan Agreement or otherwise, the Agent and the Lenders may only accelerate and/or make demand for payment of any Obligations upon and during the continuance of an Event of Default and the Growforce Loan Agreement is hereby amended as necessary in order to give effect to such agreement.

Amendment to Maturity Date

2.2 The Growforce Loan Agreement is hereby amended by deleting the Section entitled "Term" and replacing it with the following:

> "**Term:** The "**Maturity Date**" is April 23, 2021, with the date from the Initial Closing Date to the Maturity Date referred to as the "**Term**"."

Change of Interest Rate

2.3 The Section of the Growforce Loan Agreement entitled "Interest Rate and Fees:" is hereby amended by replacing everything from and including the term "Interest:" to, but excluding, the term "Administration Fee:" in such Section with the following:

> "**Interest**: Annual rate of Prime Rate plus 9.55% per annum calculated on the principal amount of the Facility outstanding, accruing daily and compounded monthly, not in advance. Accrued interest on the outstanding principal amount of the Facility shall be due and payable monthly, in cash, in arrears, on the first Business Day of each month.
>
> For the purpose of this Agreement, whenever interest or a fee to be paid hereunder is to be calculated on the basis of a year of 365 or 366 days, the yearly rate of interest or the yearly fee to which the rate or fee determined pursuant to such calculation is equivalent is the rate or fee so determined multiplied by the actual number of days in the calendar year of 365 or 366 days in which the same is to be ascertained and divided by either three hundred and sixty (360) or such other period of time, as the case may be."

Change of Principal Amortization

2.4 The Section of the Growforce Loan Agreement entitled "Payments:" is hereby deleted in its entirety and replaced with the following:

> "**Payments:** Without limiting the right of the Agent to demand repayment during the continuance of an Event of Default and subject to and in addition to the requirement for repayment of all Obligations in full pursuant to this Agreement, interest only at the aforesaid rate per annum, calculated daily and compounded and payable monthly, not in advance, shall be due and payable in arrears by 3:00pm on the first Business Day of each and every month during the Term. The Agent shall provide the Borrower with an invoice indicating the amount of each required monthly interest payment, and outline the Agent's account to which such payment is to be made. Such payment shall be made in cash by wire transfer. Other than on account of demand during the continuance of an Event of Default, repayments of outstanding principal amounts of the Facility shall be payable in an amount based on a straight line amortization that would result in outstanding principal amount of the Facility being repaid in full on the date that is five years from June 30, 2020 (the "**Amortization Zero Date**"). The first principal payment shall be due and payable on July 1, 2020. The Agent shall provide the Borrower with an invoice indicating the amount of each required monthly principal payment, and outline the Agent's account to which such payment is to be made. With regard to Advances are made on the Facility following the Initial Closing Date, the Agent shall recalculate the amortization schedule for principal repayments, which shall continue to be based on the Amortization Zero Date, and provide the Borrower with prompt written notice of any recalculated principal repayments."

Additional Financial Covenants

2.5 The Growforce Loan Agreement is hereby amended by adding an additional section entitled "Financial Covenants" immediately after the Section entitled Covenants, which shall provide as follows:

"**Financial Covenants:** For the purposes of this Section:

"**Consolidated Interest Expense**" means, for any Reference Period, with respect to the Borrower and its Subsidiaries on a consolidated basis, total interest expense (including that portion attributable to capitalized interest and capital leases in accordance with GAAP), premium payments, debt discount, fees, charges and related expenses with respect to all outstanding indebtedness of the Borrower and its Subsidiaries, in each case whether or not paid in cash during such period.

"**Consolidated Net Income**" of a Person for any Reference Period, means the consolidated net income (or loss) of the Person and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"**EBITDA**" means, for any Reference Period, in respect of the Borrower on a consolidated basis, the Consolidated Net Income of the Borrower for such period, plus (to the extent deducted in the calculation of Consolidated Net Income, and without duplication) (a) the Consolidated Interest Expense of the Borrower, (b) net income tax expense for such period determined on a consolidated basis in accordance with GAAP, (c) depreciation and amortization for such period determined on a consolidated basis in accordance with GAAP, (d) any extraordinary, unusual or non-recurring items reducing Consolidated Net Income for such period, and (e) any non-cash items reducing Consolidated Net Income for such period; minus (i) any extraordinary, unusual, or non-recurring items increasing Consolidated Net Income for such period, and (ii) any non-cash items increasing Consolidated Net Income for such period.

"**Fixed Charge Coverage Ratio**" means, for any Reference Period, with respect to the Borrower on a consolidated basis, the ratio of (a) EBITDA for such period, minus capital expenditures for such period to (b) the sum of: (i) Consolidated Interest Expense, plus (ii) tax expenses paid in cash for such period, plus (iii) scheduled debt amortization payments or redemptions (as initially scheduled on the incurrence of such debt) for such period, plus (iv) rentals payable under leases of real and personal property for such period (without duplication of items included in Consolidated Interest Expense).

"**Financial Ratios**" means, collectively, the Senior Leverage Ratio and the Fixed Charge Coverage Ratio.

"**Reference Period**" means, at any date of determination, the most recently completed three (3) fiscal month period of the Borrower;

"**Senior Debt**" means, as of the time of determination, the principal amount of the Borrower's indebtedness to the Lenders under this Agreement or any other Credit Document.

"**Senior Leverage Ratio**" means, for any Reference Period, the ratio of Senior Debt as at the end of the Reference Period to EBITDA for such Reference Period; provided that, for the purposes of calculating this ratio, the EBITDA during such three month Reference Period shall be multiplied by four (4) in order to obtain an annualized value.

The parties hereto agree that:

(a) The Senior Leverage Ratio shall commence testing for the Reference Period ending March 31, 2020, and as of such date of determination and at all times thereafter shall be less than 4.5:1.

(b) The Fixed Charge Coverage Ratio shall commence testing for the Reference Period ending December 31, 2019, and as of such date of determination and at all times thereafter shall be greater than 1.2:1.

(c) Subject to the commencement dates for testing each of the financial covenant ratios set out above, the Borrower agrees to deliver to the Agent, on or prior to the date that is fifteen (15) days after the end of each of its fiscal quarters, a certification, in form and substance satisfactory to the Agent, signed by a senior officer of the Borrower (including without limitation the CFO), setting out the calculation of the Senior Leverage Ratio and Fixed Charge Coverage Ratio for the Reference Period (as applicable) ending on the last day of the most recently completed fiscal quarter and confirming compliance with the terms of this Agreement.

Re-Advance and Additional Advance

2.6 Pursuant to the terms of an Irrevocable Direction executed by, amongst others, the Borrower and dated as of March 29, 2019 the Borrower repaid CDN$8,250,000.00 (the "**Repayment Amount**") of Obligations to the Agent and the Lenders by direction effective as of such date. The Maximum Facility Amount was not changed at the time of such repayment. The Borrower now desires to reborrow the Repayment Amount and the Borrower has also requested an additional Advance of $8,750,000 (such re-borrowing together with such additional Advance shall be referred to as the "May 2019 Advance Subfacility") and the following new provision is hereby added to the Growforce Loan Agreement to appear at the end of the Section therein entitled "Sub-Facilities:":

> "**May 2019 Advance Subfacility:** The May 2019 Advance Subfacility, in the principal amount of $17,000,000, shall be advanced on or prior to May 31, 2019, provided that all "Conditions Precedent" set out in this Agreement have been satisfied or waived. The May 2019 Advance Subfacility may be used for general working capital requirements of the Borrower."

Maximum Facility Amount

2.7 The Maximum Facility Amount referenced in the Section entitled "Facility:" is hereby increased from $90,776,734.25 to $99,526,734.25.

Amendment to Cure Periods

2.8 Part (ii) of the Section of the Growforce Loan Agreement entitled "Events of Default:" is hereby deleted in its entirety and replaced with the following:

> "(ii) any Obligor shall fail to observe or perform any non-monetary obligation or provision of this Agreement or any other Credit Document, and such failure shall continue unremedied for a period of ten (10) Business Days after the earlier of (i) acknowledgement thereof by any Obligor, or (ii) notice thereof from the Agent to the Borrower;"

ARTICLE III – AMENDMENT FEE

3.1 In consideration for the Lenders and the Agent entering into this Fifth Amendment, the Borrower shall pay to the Agent, for itself and the benefit of the Lenders, an amendment fee in the amount of $595,000 (the "**Amendment Fee**") plus applicable taxes thereon, which fee shall be due and payable on the date hereof. For greater certainty, the Borrower hereby irrevocably directs the Agent and the Lenders to retain the Amendment Fee (plus applicable taxes thereon) from any proceeds of Advance made in connection with this Fifth Amendment.

ARTICLE IV – CONDITIONS TO EFFECTIVENESS

4.1 This Fifth Amendment shall become effective upon the Borrower delivering to the Agent an executed copy of this Fifth Amendment.

ARTICLE V – REAFFIRMATION OF OBLIGATIONS

5.1 Each of the Obligors:

(a) reaffirms its obligations under the Growforce Loan Agreement,

(b) confirms that its obligations remain in full force and effect with respect to the Growforce Loan Agreement and the other Credit Documents, and

(c) confirms the following:

(i) all of the representations and warranties of each Obligor contained in the Growforce Loan Agreement (including without limitations the representations and warranties contained in the schedules thereto) are true and correct in all material respects on and as of the date hereof as though made on and as of such date, other than: (i) those representations and warranties which relate to a specific date which continue to be true as of such date, and (ii) with regard to matters set out in any schedules to the Growforce Loan Agreement, the Borrower shall be permitted to provide the Agent with updated copies of any such schedules (as applicable) in order to ensure the accuracy of the contents thereof, within thirty (30) days of the date of this Fifth Amendment;

(ii) no event or condition has occurred and is continuing, or would result from the Advances contemplated by this Fifth Amendment, which constitutes or which, with notice, lapse of time, or both, would constitute a breach of any material covenant or other material term or condition of the Growforce Loan Agreement or the Security;

(iii) the Borrowing contemplated by this Fifth Amendment will not violate any Applicable Law (which for the purposes of the Growforce Loan Agreement means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction then in effect) other than any violation that would not reasonably be expected to have a Material Adverse Effect; and

(iv) no Event of Default shall have occurred and be continuing during the period from the Initial Closing Date and the date hereof;

in each case after giving effect to the amendments provided for herein.

ARTICLE VI – NO OTHER WAIVER OR AMENDMENT

6.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Growforce Loan Agreement is intended or implied. This Fifth Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VII – MISCELLANEOUS

7.1 This Fifth Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

7.2 All costs incurred by the Agent in preparing this Fifth Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrower and shall form part of the Obligations secured by the Security granted by the Borrower in favour of the Agent.

7.3 This Fifth Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

7.4 This Fifth Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Fifth Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name: NATASHA SHARPE
Title: CHIEF INVESTMENT OFFICCER

GROWFORCE HOLDINGS INC.

Per: _____
Name: CHRIS SEID
Title: CFO
I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name: CHRIS SEID
Title: CFO
I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:
I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:
I have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: _____
Name:
Title:
I have authority to bind the corporation.

The parties have executed this Fifth Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name:
Title:

GROWFORCE HOLDINGS INC.

Per: _____
Name:
Title:
I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name:
Title:
I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:
I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:
I have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: Bernie Braemer
Name:
Title:
I have authority to bind the corporation.

SIXTH AMENDMENT TO AMENDED AND RESTATED LETTER LOAN AGREEMENT

EXECUTED by the parties hereto as of the 29th day of April, 2020.

WHEREAS MJARDIN GROUP, INC. (by joinder on or about the date hereof), GROWFORCE HOLDINGS INC., as borrower (the "**Borrower**"), GROWFORCE MANITOBA INC., GRAND RIVER ORGANICS INCORPORATED, HIGHGRADE MMJ CORPORATION and 8586985 CANADA CORPORATION, as guarantors (together with the Borrower, the "**Obligors**") entered into an amended and restated letter loan agreement with BRIDGING FINANCE INC., as agent (the "**Agent**"), and as lender, dated as of June 13, 2018 (the "**Amended Letter Loan Agreement**"), as amended by a First Amendment to Amended and Restated Letter Loan Agreement dated as of July 23, 2018, a Second Amendment to Amended and Restated Letter Loan Agreement dated as of July 27, 2018, a Third Amendment to Amended and Restated Letter Loan Agreement dated as of November 6, 2018, and a Fourth Amendment to Amended and Restated Letter Loan Agreement dated as of December 11, 2018 and a Fifth Amendment to Amended and Restated Letter Loan Agreement dated as of May 29, 2019 and as further amended, restated, supplemented or otherwise modified from time to time, collectively referred to herein as, the "**Growforce Loan Agreement**");

AND WHEREAS, as of April 1, 2020 principal in the amount of $102,632,265.10 is outstanding in respect of the Loan Agreement;

AND WHEREAS, as of April 1, 2020 interest in the amount of $3,420,603.35 in respect of the Loan Agreement was outstanding and payable (the "**Outstanding Interest**"), and accruing interest from the date it was respectively due and payable;

AND WHEREAS the parties hereto have agreed to further amend the Growforce Loan Agreement to the extent and subject to the limitations set forth in this Sixth Amendment to Amended and Restated Letter Loan Agreement (this "**Sixth Amendment**");

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used in this Sixth Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Growforce Loan Agreement.

ARTICLE II – AMENDMENTS

Change of Principal Amortization

2.1 The Section of the Growforce Loan Agreement entitled "Payments:" is hereby deleted in its entirety and replaced with the following:

> "**Payments:** Interest only at the aforesaid rate per annum, shall be calculated and accrue daily. Accrued interest for a given month is referred as the "**Monthly Interest Payment Amount**". For the period from April 29, 2020 to and including December 31, 2020 the Monthly Interest Payment amount for each month shall, on the first day of the next month, be added to the principal amount of the Obligations. Beginning on January 1, 2021, when the Monthly Interest Payment Amount for December 2020 shall be due and payable, and on the first Business Day of each calendar month thereafter the Monthly

Interest Payment Amount for the most recently completed calendar month shall be due and payable by the Borrower to the Agent. In each case, payments of interest and principal shall be due and payable by 3:00pm (Toronto time) on the day such payments are due or if received after 3:00 p.m. (Toronto time) shall be credited to the next Business Day and all such payments shall be made in cash by wire transfer. Other than on account of demand during the continuance of an Event of Default repayments of outstanding principal amounts of the Facility shall be payable on the Maturity Date.

ARTICLE III – CONDITIONS TO EFFECTIVENESS

3.1 This Sixth Amendment shall become effective upon the Borrower delivering to the Agent an executed copy of this Sixth Amendment.

ARTICLE IV – REAFFIRMATION OF OBLIGATIONS

4.1 Each of the Obligors:

(a) reaffirms its obligations under the Growforce Loan Agreement,

(b) confirms that its obligations remain in full force and effect with respect to the Growforce Loan Agreement and the other Credit Documents, and

(c) confirms the following:

(i) all of the representations and warranties of each Obligor contained in the Growforce Loan Agreement (including without limitations the representations and warranties contained in the schedules thereto) are true and correct in all material respects on and as of the date hereof as though made on and as of such date, other than: (i) those representations and warranties which relate to a specific date which continue to be true as of such date, and (ii) with regard to matters set out in any schedules to the Growforce Loan Agreement, the Borrower shall be permitted to provide the Agent with updated copies of any such schedules (as applicable) in order to ensure the accuracy of the contents thereof, within thirty (30) days of the date of this Sixth Amendment;

(ii) no event or condition has occurred and is continuing, or would result from the Advances contemplated by this Sixth Amendment, which constitutes or which, with notice, lapse of time, or both, would constitute a breach of any material covenant or other material term or condition of the Growforce Loan Agreement or the Security;

(iii) the Borrowing contemplated by this Sixth Amendment will not violate any Applicable Law (which for the purposes of the Growforce Loan Agreement means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction then in effect) other than any violation that would not reasonably be expected to have a Material Adverse Effect; and

(iv) there are no Events of Default that would result from the completion of the transactions contemplated by this Fifth Amendment, and as at the Fifth

Amendment Date, other than in respect of facts, circumstances and omissions in respect of which the Agent has knowledge, there are no Defaults or Events of Default that are continuing;

in each case after giving effect to the amendments provided for herein.

ARTICLE V – NO OTHER WAIVER OR AMENDMENT

5.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Growforce Loan Agreement is intended or implied. This Sixth Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VI – MISCELLANEOUS

6.1 Upon the effectiveness of this Sixth Amendment, the Outstanding Interest and all accrued interest owing in respect of the Outstanding Interest shall be added to the principal amount of the Obligations.

6.2 This Sixth Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

6.3 All costs incurred by the Agent in preparing this Sixth Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrower and shall form part of the Obligations secured by the Security granted by the Borrower in favour of the Agent.

6.4 This Sixth Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

6.5 This Sixth Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Sixth Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name: Graham Marr
Title: Senior Managing Director

GROWFORCE HOLDINGS INC.

Per: _____
Name:
Title:
I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name:
Title:
I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:
I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:
I have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: _____
Name:
Title:
I have authority to bind the corporation.

The parties have executed this Sixth Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name:
Title:

GROWFORCE HOLDINGS INC.

Per: Patrick Witcher
Name: Patrick Witcher
Title: CEO
I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: Patrick Witcher
Name: Patrick Witcher
Title: CEO
I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: Corey Goodman
Name: Corey Goodman
Title: Secretary
I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: Corey Goodman
Name: Corey Goodman
Title: Secretary
I have authority to bind the corporation.

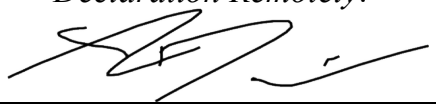
HIGHGRADE MMJ CORPORATION

Per: Corey Goodman
Name: Corey Goodman
Title: Secretary
I have authority to bind the corporation.

MJARDIN GROUP, INC.

Per: Patrick Witcher
Name: Patrick Witcher
Title: CEO
I have authority to bind the corporation.

This is Exhibit "E" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

LOAN AGREEMENT

by and among

MJAR HOLDINGS, LLC, MJARDIN CAPITAL, LLC, 6100 E. 48TH AVE., LLC, MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT MISSOURI, LLC, MJARDIN MANAGEMENT TEXAS, LLC, MJARDIN MANAGEMENT HAWAII, LLC, MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, MJARDIN MANAGEMENT FLORIDA, LLC, MJARDIN MANAGEMENT MASSACHUSETTS, LLC, MJARDIN MANAGEMENT VERMONT, LLC, MJARDIN MANAGEMENT OHIO, INC. and BUDDY BOY BRANDS HOLDINGS, LLC

as US Borrowers,

MJARDIN MANITOBA INC. and **MJARDIN CANADA INC.**
as Canadian Borrowers (and together with the US Borrowers, the Borrowers)

BRIDGING FINANCE INC.,
as Agent

and

THE LENDERS FROM TIME TO TIME PARTY HERETO,
as Lenders

Dated as of December 29, 2017

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Page

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of December 29, 2017, by and among MJAR HOLDINGS, LLC ("**Parent**"), the other US Borrowers (as defined herein), the Canadian Borrowers (as defined herein) (Parent, the other US Borrowers and the Canadian Borrowers, collectively the "**Initial Borrowers**") Bridging Finance, Inc., as agent for itself and the other Lenders from time to time party hereto (in such capacity, the "**Agent**"), and the lenders represented by the Agent acting as Lenders pursuant to this Agreement (together with their successors and assigns, each a "**Lender**", and collectively, the "**Lenders**"). "**Borrowers**" shall initially mean the Canadian Borrowers and US Borrowers signatory to this Agreement as of the Closing Date, and immediately upon closing of the BB Acquisition (as herein defined) and the entering into of a Joinder, Borrowers shall also include the BB Entities, and immediately upon closing of the GRO Transaction and the entering into of a Joinder, Borrowers shall also include GRO and any applicable subsidiaries of GRO.

STATEMENT OF PURPOSE:

WHEREAS, the Borrowers have requested, and the Lenders have agreed, subject to the terms and conditions of this Agreement, to make term loans on the Closing Date in the aggregate original principal amount equal to the Maximum Amount (the "**Loans**"); and

WHEREAS, as an inducement for the Lenders to make the Loans, the Agent and Lenders require the Loan Parties to secure their Obligations under this Agreement and the other Loan Documents by granting to Agent, for the benefit of the Lenders, a security interest in and to the Collateral, as more specifically described in the Security Agreements.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

Article 1
DEFINITIONS

1.1. Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"Acquired Indebtedness" means Indebtedness, including in respect of capital leases, of a Person that is acquired in connection with a Permitted Acquisition.

"Acquisition" means any transaction or series of related transactions, consummated on or after the date of this Agreement, by which any Loan Party or any Subsidiary of a Loan Party, directly or indirectly, (a) acquires any ongoing business or all (or substantially all) of the assets of any firm, corporation, limited liability company or other entity, or division thereof, whether through purchase of assets, merger or otherwise or (b) acquires (in one transaction or a series of related transactions) at least a majority (in number of votes) of the securities of an entity which have ordinary voting power for the election of directors or managers or a majority (by percentage or voting power) of the outstanding Capital Stock of any other Person.

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the

direction of the management or policies of the controlled Person, whether through ownership of Capital Stock, by contract or otherwise; provided, that in no event shall any Lender and any Loan Party be deemed to be "Affiliates" of one another.

"Agent" has the meaning given to that term in the introductory paragraph.

"Agreement" means this Loan Agreement, including the exhibits and schedules attached hereto, as the same may be amended, restated, supplemented or otherwise modified in accordance with the terms hereof.

"Applicable Insolvency Laws" means all applicable laws governing bankruptcy, reorganization, arrangement, adjustment of debts, relief of debtors, dissolution, insolvency, fraudulent transfers or conveyances or other similar laws (including, without limitation, 11 U.S.C. Sections 544, 547, 548 and 550 and other "avoidance" provisions of Title 11 of the United States Code, in each case as amended or supplemented).

"Assignments" means collectively, (i) the Assignment of Rents and Leases made by 5040 York, LLC, as assignor to Agent; (ii) the Assignment of Rents and Leases made by 2426 S. Federal, LLC, as assignor to Agent; and (iii) all extensions, renewals, amendments, supplements, modifications, substitutions and replacements to any of the foregoing.

"Applicable Interest Rate" means a floating rate per annum, calculated and automatically reset on a daily basis, equal to the sum of (i) BNS Prime plus (ii) ten and eight tenths percent (10.8%) (this part "(ii)" of this definition is referred to as the "**Fixed Rate Portion of Interest**").

"BB Acquisition" means the acquisition by Buddy Boy Brands Holdings, LLC of no less than 100% of the aggregate Capital Stock (including no less than 100% of the voting Capital Stock) of each of the BB Entities, free and clear of all Liens, other than Permitted Liens, in accordance with the BB Acquisition Documents, which BB Acquisition must occur prior to February 28, 2018 or such other date agreed to in writing by the Agent.

"**BB Acquisition Agreement**" means the Transaction Agreement among Emerald City Holdings, LP, Silver Capital Management, LLC, Steven C. Mitchem and Buddy Boy Brands Holdings, LLC.

"**BB Acquisition Documents**" means the BB Acquisition Agreement and each agreement, document or certificate delivered pursuant thereto or in connection with the BB Acquisition, in each case, as amended, restated, supplemented or otherwise modified from time to time as permitted hereunder.

"**BB Entities**" means the Persons identified as BB Entities in Schedule "1.1" hereto.

"**BB Vendor**" means the vendor of the interests in the BB Entities purchased pursuant to the BB Acquisition Agreement.

"BIA" shall mean the *Bankruptcy and Insolvency Act* (Canada), and any successor act or statute, as in effect from time to time or at any time.

"BNS Prime" means the floating annual rate of interest established from time to time by The Bank of Nova Scotia as the base rate it will use to determine rates of interest on Canadian dollar loans to customers in Canada and designated as its Prime Rate.

"Borrower" and **"Borrowers"** have the meanings given to those terms in the introductory

"Business Combination" has the meaning set forth in the definition of "Change of Control" below.

"Business Day" means any day other than a Saturday, Sunday or other day on which banks in the Province of Ontario are authorized or required by law or executive order to closed.

"**Canadian Pension Event**" shall mean: (i) the existence of any unfunded liability or windup or withdrawal liability, including contingent withdrawal or windup liability, or any solvency deficiency in respect of any Canadian Plan; (ii) the whole or partial termination or windup of any Plan or occurrence of any act, event or circumstance which could give rise to the whole or partial termination or windup of any Canadian Plan; (iii) the failure to make any contribution or remittance in respect of any Canadian Plan when due; (iv) the failure to file any report, actuarial valuation, return, statement or other document, when due, in respect of any Canadian Plan; (v) the existence of any Lien except in respect of current contribution amounts not due in connection with any Canadian Plan; or (vi) the establishment or commencement to contribute to any Canadian Plan not in existence on the date thereof.

"**Canadian Borrowers**" means, collectively, each Loan Party that is organized under the federal laws of Canada or any Province or territory thereof, and as of the Closing Date means MJARDIN MANITOBA INC. and MJARDIN CANADA INC.

"**Canadian Facility**" means the Loans made to the Canadian Borrowers up the Maximum Canadian Amount.

"**Canadian Obligations**" means the liabilities and obligations of the Canadian Borrowers to the Agent and the Lenders in respect of the Canadian Facility and pursuant to any Loan Documents granted by the Canadian Borrowers in favour of the Agent or any Lenders.

"**Canadian Plan**" has the meaning given to that term in Section 5.21(e).

"**Capital Cost Fee**" has the meaning given to that term in Section 2.2(e).

"Capital Expenditure" means any expenditure for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a balance sheet prepared in accordance with GAAP, excluding (a) the cost of assets acquired pursuant to Capital Leases, (b) expenditures of insurance proceeds to rebuild or replace any capital or fixed asset after a casualty loss, and (c) leasehold improvement expenditures for which the Person is reimbursed promptly by the lessor.

"Capital Lease" of a Person means any lease of Property by such Person as lessee which would be classified as a capital lease on a balance sheet of such Person prepared in accordance with GAAP.

"Capital Lease Obligations" of any Person means all obligations (including sales tax obligations) of such Person under Capital Leases.

"Capital Stock" means (a) any capital stock, partnership, membership, limited liability company, joint venture or other ownership or equity interest, participation or securities (whether voting or non-voting, whether preferred, common or otherwise), and (b) any option, warrant, security or other right (including Indebtedness securities or other evidence of Indebtedness) directly or indirectly convertible

into or exercisable or exchangeable for, or otherwise to acquire directly or indirectly, any capital stock, partnership, membership, limited liability company, joint venture or other ownership or equity interest, participation or security described in clause (a) above.

"Cash Equivalent Investments" means (a) short-term obligations of, or fully guaranteed by, the United States of America, or the Federal Government of Canada (b) commercial paper rated A-1 or better by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (or any successor thereto), or P-1 or better by Moody's Investors Service, Inc. (or any successor thereto), (c) demand deposit accounts maintained in the ordinary course of business, and (d) certificates of deposit issued by, and time deposits with, commercial banks (whether domestic or foreign) or Canadian Banks listed on Schedule "A" of the *Bank Act* (Canada) having capital and surplus in excess of $100,000,000; provided, in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

"**CCAA**" shall mean the *Companies' Creditors Arrangement Act* (Canada) and any successor legislation thereto, as in effect from time to time or at any time.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation Liability Information System List.

"Change of Control" means the occurrence of any of the following but, for greater certainty, excludes a Permitted Reorganization:

(a) The acquisition by any Person or any group of related Persons (other than such acquisition by another Loan Party) of record or beneficial ownership of 50% or more of (i) the Capital Stock of any Loan Party (determined on a Fully Diluted Basis), or (ii) the combined voting power of the then-outstanding voting securities of any Loan Party (the "**Outstanding Company Voting Securities**");

(b) Consummation by any Loan Party of any consolidation, combination, reorganization or sale of Capital Stock, whether in one or a series of related transactions (a "**Business Combination**"), in each case, unless, following such Business Combination (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of voting Capital Stock of the purchasing or surviving entity in such Business Combination in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Voting Securities, and (ii) at least a majority of the members of the board of directors (or equivalent governing body) of the purchasing or surviving entity in such Business Combination were members of Parent's or such Subsidiary's board of directors (or equivalent governing body) at the time of the execution of the initial agreement, providing for such Business Combination;

(c) A sale, assignment, lease, conveyance, exchange, transfer, sale-leaseback or other disposition of more than 20% of the assets of any Loan Party (other than such circumstance where another Loan Party is the acquirer of rights or such assets), whether in one or a series of related transactions (excluding normal inventory sales and financing arrangements associated with inventory or receivables);

(d) [Intentionally deleted]

(e) Without limiting any other part of this definition of "Change of Control", the ownership and voting control of the shareholders of the Parent (the "**Closing Date Parent Shareholders**") as of the Closing Date (such collective share ownership on the Closing Date the "**Closing Date Ownership**") is reduced, through dilution or otherwise, (excluding, however, any reduction resulting from an Initial Public Offering), such that the Closing Date Parent Shareholders at any time own and control Capital Stock in the Parent equal to less than fifty-one percent (51%) of the Closing Date Ownership.

(f) [Intentionally deleted]

(g) Approval by the board of directors (or equivalent governing body) of Parent or any Subsidiary of Parent of a liquidation or dissolution of Parent or such Subsidiary, or Approval by the board of directors (or equivalent governing body) of any BB Entity of a liquidation or dissolution of such BB Entity.

"Charter Documents" means the articles or certificate of incorporation or formation (as applicable), the bylaws, limited partnership agreement, operating agreement or limited liability company agreement (as applicable), and other similar organizational and governing documents of each Loan Party and each Subsidiary of a Loan Party.

"**Charges**" shall mean all Canadian and United States federal, provincial, state, county, city, municipal, or local, or foreign or other governmental or quasi-governmental taxes, levies, customs or other duties, assessments, charges, liens, and all additional federal, provincial, state, county, city, municipal, local, foreign or other governmental or quasi-governmental charges, interest, penalties, expenses, claims or encumbrances upon or relating to: (i) the Collateral; (ii) the Obligations; (iii) the employees, payroll, income or gross receipts of any Loan Party; (iv) the ownership or use of any assets by any Loan Party; or (v) any other aspect of any Loan Party's business as well as any and all amounts at any time due and payable by any Loan Party to and/or in respect of any Plan (whether as a result of under-funding or otherwise).

"Closing Date" means the date of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"Collateral" has the meaning given to that term in the Security Agreement.

"Collateral Documents" means the Security Agreement, the Subsidiary Guaranty Agreements (if any), the Landlord Waivers, the Mortgages, Assignments, any deposit account control agreements or Blocked Account Agreements, any securities account control agreements and each other agreement or writing pursuant to which any Loan Party, any Subsidiary or any equity holder of any Loan Party purports to pledge or grant a security interest in any property or assets securing the Obligations or any such Person purports to guarantee the payment and/or performance of the Obligations, in each case, as amended, restated, supplemented or otherwise modified from time to time.

"Commission" means the Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"Compliance Certificate" has the meaning given to that term in Section 6.1(e).

"Confidential Information" has the meaning given to that term in Section 10.14(b).

"Contingent Obligation" of a Person means any contingent obligation calculated in conformity with GAAP, and in any event shall include any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take or pay contract or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership.

"Contractual Obligations" means as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, shareholders' agreement, contract, indenture, mortgage, deed of trust or other instrument or arrangement (whether in writing or otherwise) to which such Person is a party or by which it or any of such Person's property is bound.

"Convertible Securities" has the meaning given to that term in the definition of "Fully Diluted Basis."

"**Copyright License**" shall mean rights under any written agreement now owned or hereafter acquired by any Person granting the right to use any Copyright or Copyright registration.

"**Copyrights**" shall mean all of the following now owned or hereafter acquired by any Person: (i) all copyrights in any original work of authorship fixed in any tangible medium of expression, now known or later developed, all registrations and applications for registration of any such copyrights in the United States, Canada or any other country, including registrations, recordings and applications, and supplemental registrations, recordings, and applications in the United States Copyright Office or in the applicable office in Canada; and (ii) all proceeds of the foregoing, including license royalties and proceeds of infringement suits, the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all renewals and extensions thereof.

"CWA" has the meaning set forth in the definition of "Environmental Laws."

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Debentures" means, collectively, the 10% secured convertible debentures issued by MJAR Holdings, LLC in respect of which KES 7 CAPITAL INC. has agreed to act as agent for the holders thereof.

"Default Rate" has the meaning given to that term in Section 3.1(c).

"Disposition" has the meaning given to that term in Section 7.4.

"Distributions" by a Person means (a) dividends or other distributions on any now or hereafter outstanding Capital Stock of such Person; (b) the redemption, repurchase, defeasance or acquisition of such Capital Stock or of warrants, rights or other options to purchase such Capital Stock; (c) any loans or advances (other than salaries or reimbursement of employee expenses in the ordinary course of business), to any stockholder(s), partner(s) or member(s) of such Person; and (d) setting aside funds for any of the foregoing.

"Economic Flow Agreements" means all contractual agreements between one or more Loan Parties and one or more TwoG Entities, including, without limitation, any agreement whereby amounts are owed by any TwoG Entity to any Loan Party.

"Environmental Indemnity Agreements" means collectively, (i) the Environmental Indemnity Agreement made by Borrowers, Guarantors, and 5040 York, LLC for the benefit of Agent and Lenders; (ii) the Environmental Indemnity Agreement made by Borrowers, Guarantors, and 2426 S. Federal, LLC for the benefit of Agent and Lenders; (iii) the Environmental Indemnity Agreement made by Borrowers, Guarantors, and 6100 E. 48th Ave., LLC for the benefit of Agent and Lenders; and (iv) all extensions, renewals, amendments, supplements, modifications, substitutions and replacements to any of the foregoing.

"Environmental Liabilities" shall mean all liabilities, obligations, responsibilities, remedial actions, removal costs, losses, damages of whatever nature, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim, suit, action or demand of whatever nature by any Person and which relate to any health or safety condition regulated under any Environmental Law, environmental permits or in connection with any Release, threatened Release, or the presence of a Hazardous Material.

"Environmental Laws" means any and all Canadian and United States federal, state, provincial, and local and any foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, Licenses, concessions, grants, franchises, agreements and other governmental restrictions relating to (a) the protection of the environment, (b) the effect of the environment on human health, (c) emissions, discharges or releases of pollutants, contaminants, hazardous substances or wastes into surface water, ground water, air or land, or (d) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof, including, without limitation, the Clean Air Act, 42 U.S.C. § 7401 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq. ("**CWA**"), the Solid Waste Disposal Act (as amended by the Resource Conservation and Recovery Act), 42 U.S.C. § 6901 et seq. ("**RCRA**"), CERCLA and the EPA.

"**E. 48th Property**" means the lands and premises municipally known as 6100 E. 48th Ave., Denver, Colorado.

"**EPA**" means the *Environmental Protection Act* (Ontario) and the similar laws of Canada and any other province where any Collateral may be located, and any successor law or statute, as in effect from time to time or at any time.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means a corporation that is or was a member of a controlled group of corporations with any Loan Party within the meaning of Section 4001(a) or (b) of ERISA or Section 414(b) of the Code, a trade or business (including a sole proprietorship, partnership, trust, estate or corporation) that is under common control with any Loan Party within the meaning of section 414(m) of the Code, or a trade or business which together with any Loan Party is treated as a single employer under section 414(o) of the Code.

"**Escrow Agreement**" means the escrow agreement between the Initial Borrowers, the Agent, and Wildeboer Dellelce LLP, as escrow agent, dated on or about the Closing Date, as the same may be amended restated, modified or replaced from time to time.

"Event of Default" has the meaning given to that term in Section 8.1.

"**Excluded Taxes**" means, with respect to the Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrowers hereunder, (a) Taxes imposed on or measured by net income (however denominated) of such Agent or Lender, franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, and (b) any United States federal withholding tax imposed as a result of FATCA.

"**Excluded Subsidiaries**" means Mjardin, LLC, Mjardin Holdings Florida, LLC, and MJAR Services, Inc.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code (or any successor provisions described above).

"Financial Statements" has the meaning given to that term in Section 5.12(a).

"Fiscal Quarter" means a fiscal quarter of the Loan Parties and their Subsidiaries.

"Fiscal Year" means a fiscal year of the Loan Parties and their Subsidiaries.

"**Fixed Rate Portion of Interest**" has the meaning ascribed thereto in the definition of "Applicable Interest Rate".

"**FSCO**" shall mean the Financial Services Commission of Ontario and any Person succeeding to the functions thereof and includes the Superintendent under the PBA and any other public authority empowered or created by the PBA.

"Fully Diluted Basis" means, unless otherwise indicated in this Agreement, as of any date of determination, the Capital Stock of a Person outstanding on such date, together with all Capital Stock that would be outstanding on such date assuming the issuance of all Capital Stock issuable upon the exercise, exchange or conversion of: (i) any securities or other interests (including promissory notes) outstanding as of such date and convertible into or exchangeable for Capital Stock (whether or not the rights to exchange or convert thereunder are immediately exercisable) (such convertible or exchangeable securities being herein called **"Convertible Securities"**); and (ii) any contractual or other rights outstanding as of such date to subscribe for or to purchase, or any warrants or options outstanding for the purchase of, Capital Stock or Convertible Securities.

"GAAP" shall mean generally accepted accounting principles in the United States as in effect from time to time, including, as applicable, IFRS and, following any change in respect of accounting standards to be adopted by US private companies, such accounting standards approved by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions), as the case may be, in effect from time to time as

may be selected by a Loan Party including, without limitation, accounting standards for private enterprises or international financial reporting standards, in each case consistently applied provided that each Loan Party shall, when required to adopt new accounting standards, adopt accounting standards for private enterprises unless Agent otherwise consents in writing**.** If there are any changes to GAAP during the term of this Agreement, the parties shall continue to determine compliance with the financial covenants, and make all other financial determinations hereunder, without giving effect to any such changes until such time that the parties hereto can agree to amend the financial covenants and other provisions requiring financial determinations hereunder to take into account the effect of such changes to GAAP in a mutually acceptable manner.

"Governmental Authority" means the government of any nation, state, city, locality or other political subdivision of any thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, regulation or compliance, including, without limitation, any federal, state or local public utility commission, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"GRO" means Grand River Organics Inc.

"GRO Acquisition" means the acquisition by MJardin Canada Inc. of no less than 51% of the Capital Stock of GRO, free and clear of all Liens, other than Permitted Liens, in accordance with the GRO Acquisition Documents.

"**GRO Acquisition Agreement**" means the share purchase agreement, or like agreement that acts as the primary agreement stipulating the terms of the GRO Acquisition.

"**GRO Acquisition Documents**" means the GRO Acquisition Agreement and each agreement, document or certificate delivered pursuant thereto or in connection with the GRO Acquisition, in each case, as amended, restated, supplemented or otherwise modified from time to time as permitted hereunder.

"**GRO Vendor**" means the vendor of the interests in GRO purchased pursuant to the GRO Acquisition Agreement.

"Guarantors" means each Person that guarantees all or any portion of the Obligations.

"Hazardous Materials" means (a) any "hazardous substance", as defined by CERCLA, (b) any "hazardous waste", as defined by RCRA, (c) any petroleum product or any fraction or by-product thereof, asbestos, polychlorinated biphenyls (PCB's); (d) any "pollutant," as defined by the CWA, (e) any material or substance which is defined as a "solid waste," "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "contaminant," "hazardous constituent," "special waste," "toxic substance" or other similar term or phrase under any Environmental Laws; (f) any radioactive substance, or (g) contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other Environmental Law.

"Hedging Agreement" means any rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging agreement.

"Indebtedness" means, with respect to any Person, without duplication, such Person's (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person's business payable

on terms customary in the trade and not outstanding more than 90 days past the date of invoice), (c) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by bonds, debentures, notes, acceptances, or other similar instruments, (e) obligations of such Person to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (f) Capital Lease Obligations and obligations created or arising under any conditional sale or other title retention agreement, (g) Contingent Obligations, (h) obligations under or relating to Hedging Agreements, (i) Off-Balance Sheet Liabilities, (j) attributable indebtedness related to Sale and Leaseback Transactions, (k) the aggregate undrawn face amount of all letters of credit issued for the account and/or upon the application of such Person together with all unreimbursed drawings with respect thereto, (l) "earnouts" (once accrued), seller notes, and similar payment obligations, including earnout obligations or deferred payments in connection with any Acquisition permitted hereunder, (m) guarantees provided by such Person in respect of the obligations of others and (n) any other obligation for borrowed money or other financial accommodation which, in accordance with GAAP, would be shown as a liability on the balance sheet of such Person.

"Indemnified Party" has the meaning given to that term in Section 9.1.

"**Indemnified Taxes**" means (a) Taxes other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"**Initial Borrowers**" has the meaning ascribed thereto in the preamble to this Agreement.

"Initial Public Offering" means the completion of: (i) an initial public offering and listing of the common stock of a Loan Party on a Recognized Stock Exchange; (ii) a reverse take-over by a Loan Party of a company listed on or that obtains a listing on a Recognized Stock Exchange; or (iii) a transaction that provides holders of the common stock of a Loan Party with comparable liquidity that such holders would have received if a public offering had occurred, whether by means of an initial public offering, a reverse take-over, merger, amalgamation, arrangement, take-over bid, insider bid, reorganization, joint venture, sale of all or substantially all assets, exchange of assets or similar transaction or combination with a public corporation.

"**Intellectual Property**" shall mean any and all Copyright License, Patent License, Trademark License, Patents, Copyrights, Trademarks, trade secrets and customer lists.

"Interest Expense" means, for any period, the interest expense of Parent and its Subsidiaries for the period in question, determined on a consolidated basis and in accordance with GAAP (including, without limitation, all commissions, discounts and/or related amortization and other fees and charges owed by Parent and its Subsidiaries with respect to letters of credit or bankers' acceptances, capitalized interest expense, the interest portion of Capital Lease Obligations and the interest portion of any deferred payment obligation).

"Interest Payment Date" has the meaning given to that term in Section 3.1(a).

"Interim Financial Statements" has the meaning given to that term in Section 5.12(a).

"Inventory" means all of the "inventory" (as that term is defined in the PPSA) of the Loan Parties and their Subsidiaries, whether now existing or hereafter acquired or created.

"Investment" means any investment (including, without limitation, any loan or advance) in or to any Person, whether payment therefor is made in cash or Capital Stock or otherwise, and whether such investment is by acquisition of Capital Stock or Indebtedness, or by loan, advance, transfer of property out of the ordinary course of business, capital contribution, equity or profit sharing interest, extension of credit on terms other than those normal in the ordinary course of business or otherwise; provided, that "Investment" shall specifically exclude commission, travel and similar advances to officers and employees made in the ordinary course of business and accounts receivable arising in the ordinary course of business on terms customary in the trade and not outstanding more than 90 days past the date of invoice.

"Joinder" means an agreement whereby a Person joins this Agreement as a Borrower, in form acceptable in the sole and absolute discretion of the Agent.

"Knowledge of the Borrowers", or any similar phrases, means the actual knowledge of any manager, director, or executive officer of any Loan Party or knowledge that would be obtained by any such Person after a reasonable investigation concerning the matter at issue.

"Landlord Waivers" means landlord waivers in form and substance acceptable to the Agent executed by the lessors of the facilities where any Loan Party or any Subsidiary of a Loan Party has books and records.

"Lender" has the meaning given to that term in the introductory paragraph.

"Liabilities" has the meaning given to that term in Section 9.1.

"Licenses" means all licenses, permits, authorizations, determinations, and registrations issued by any Governmental Authority to any Loan Party or any Subsidiary of a Loan Party, in connection with the conduct of its business, including any license to cultivate, produce or sell marijuana or any product containing marijuana or any active ingredient contained in marijuana.

"Lien" means any lien (statutory or other), security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capital Lease or other title retention agreement).

"**Liquidity Event**" means (x) a consolidation or merger of any Loan Party with or into any other corporation or other entity or Person (other than with another Loan Party), or any other corporate reorganization or transaction, in which the shareholders of any Loan Party immediately prior to such consolidation, merger or reorganization, own less than 50% of the voting power of the surviving entity immediately after such consolidation, merger or reorganization, (y) a sale or exclusive license by any Loan Party of all or substantially all of its assets or (z) the closing of any Loan Party's initial public offering in Canada or the United States.

"Loan Documents" means this Agreement, the Collateral Documents, the Notes, the Environmental Indemnity Agreements, the Warrants and each other agreement, document, form or certificate delivered pursuant to this Agreement or any other Loan Document, in each case, as amended, restated, supplemented or otherwise modified from time to time.

"Loan Party" means (a) the Borrowers, and (b) each Subsidiary of any Borrower that becomes a party to any Subsidiary Guaranty Agreement (or joins as a co-Borrower under this Agreement) and becomes a party to a Security Agreement.

"Loans" has the meaning given to that term in the statement of purpose.

"Material Adverse Effect" means (a) a material adverse effect on the assets, business, properties, operations, or condition (financial or otherwise) of the Loan Parties (taken as a whole), (b) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document, or (c) a material adverse effect on the ability of any Loan Party to perform its obligations under any Loan Document.

"Material Contractual Obligation" means any written Contractual Obligation, the termination, cancellation or non-compliance with which would reasonably be expected to have a Material Adverse Effect. For greater certainty, all obligations in respect of Economic Flow Agreements are considered to be Material Contractual Obligations.

"Maturity Date" has the meaning given to that term in Section 3.2(b).

"**Maximum Amount**" means CDN$32,300,000.

"**Maximum Canadian Amount**" means the amount equal to CDN$5,500,000 plus an amount equal to 5/32nds of the Capital Cost Fee.

"**Maximum US Amount**" means the amount equal to CDN$26,500,000 plus an amount equal to 27/32nds of the Capital Cost Fee.

"Mortgage" shall mean a mortgage or deed of trust on the owned real property securing the Obligations together with all extensions, renewals, amendments, supplements, modifications, substitutions and replacements thereto and thereof.

"Multiemployer Plan" means a multiemployer plan within the meaning of Section 3(37) or 4001(a)(3) of ERISA or Section 414(f) of the Code.

"Non-US Subsidiary" means any Subsidiary that is not a Subsidiary that is organized under the laws of any state of the United States or the District of Columbia.

"**Note**" or "**Notes**" means any note issued under this Agreement, including, without limitation, any note issued pursuant to Section 2.1, in each case as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"Obligations" means all obligations of every nature of the Loan Parties from time to time owed to the Agent or the Lenders under the Loan Documents, whether for principal, interest, fees, expenses, indemnification or otherwise.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Off-Balance Sheet Liability" of a Person means (a) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (b) any liability under any Sale and Leaseback Transaction which is not a Capital Lease, (c) any liability under any so-

called "synthetic lease" transaction entered into by such Person, or (d) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheets of such Person.

"Option Plan Units" means Capital Stock at any time issued or issuable or reserved for issuance to employees, directors, officers or consultants of any Loan Party pursuant to any equity compensation plan or similar plan (or any option or other award thereunder) or pursuant to an employment, consulting, option, award or similar agreement with any such Person.

"Other Connection Taxes" means, with respect to the Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrowers hereunder, Taxes imposed as a result of a present or former connection between such Person and the jurisdiction imposing such Tax (other than connections arising from such Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"Outstanding Company Voting Securities" has the meaning set forth in the definition of "Change of Control."

"**Patent License**" shall mean rights under any written agreement now owned or hereafter acquired by any Person granting any right with respect to any invention on which a Patent is in existence.

"**Patents**" shall mean all of the following in which any Person now holds or hereafter acquires any interest: (i) all patents and letters patent of the United States, Canada or any other country, all registrations and recordings thereof, and all applications for patents and letters patent of the United States, Canada or any other country, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, Canada or any province, state or territory thereof, or any other country; and (ii) all reissues, continuations, continuations-in-part or extensions thereof.

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, P.L. 107-56, as amended.

"**PBA**" shall mean the *Pension Benefits Act* (Ontario) and the similar laws of any other province or territory of Canada, as in effect from time to time or at any time.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor agency.

"Permitted Acquisitions" means the BB Acquisition, the GRO Acquisition and Winnipeg Property Acquisition.

"**Permitted Acquisition Documents**" means each agreement, document or certificate delivered pursuant thereto or in connection with the Permitted Acquisitions, in each case, as amended, restated, supplemented or otherwise modified from time to time as permitted hereunder.

"Permitted Liens" has the meaning given to that term in Section 7.6.

"Permitted Reorganization" means any merger, consolidation, amalgamation and winding-up of one Loan Party with or into another Loan Party; provided that such merger, consolidation, amalgamation or wind-up (i) does not detrimentally impact the Liens or Security Agreements held by or in favour of the Agent and the Lenders, and (ii) does not, and could not reasonably be expected to result in a Material Adverse Effect, and provided further that the Parent provides Agent with at least five (5) Business Days' notice prior to such corporate action.

"Person" means any individual, firm, corporation, limited liability company, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"Plans" means collectively the US Plans and the Canadian Plans;

"**PPSA**" shall mean the *Personal Property Security Act* (or any successor statutes) as the same may, from time to time, be in effect in the Province of Ontario; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of Lender's security interest in any Collateral is governed by the Personal Property Security Act as in effect in a jurisdiction other than the Province of Ontario, the term "PPSA" shall mean the Personal Property Security Act or a similar act or statute as in effect in such other jurisdiction for purposes of the provisions of this Agreement relating to such attachment, perfection or priority and for purposes of definitions related to such provisions including, as applicable, the UCC.

"Prepayment Premium" has the meaning given to that term in Section 3.2(f).

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"RCRA" has the meaning set forth in the definition of "Environmental Laws".

"**Recognized Stock Exchange**" means a recognized Canadian or United States exchange that is a "designated stock exchange" for the purposes of the Income Tax Act (Canada), including Toronto Stock Exchange, TSX Venture Exchange, Canadian Securities Exchange, NYSE or NASDAQ;

"**Release**" shall mean, as to any Person, any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Materials in the indoor or outdoor environment by such Person, including the movement of Hazardous Materials through or in the air, soil, surface water, ground water or property.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a US Plan, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event; provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Required Lenders" means at any time Lenders then holding more than fifty percent (50%) of the aggregate unpaid principal amount of the Loans then outstanding, or such other percentage

agreed to by the Lenders independently without any consent required from any Loan Party, and without notice to any Loan Party.

"Requirements of Law" means, as to any Person, provisions of the Charter Documents of such Person, or any law, treaty, code, rule, regulation, right, privilege, qualification, License or franchise, or any determination of an arbitrator or a court or other Governmental Authority, in each case applicable to such Person or any of such Person's property or to which such Person or any of such Person's property is subject or pertaining to any or all of the Transactions or other transactions contemplated or referred to in the Transaction Documents.

"Rights" has the meaning given to that term in Section 5.22.

"Sale and Leaseback Transaction" means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

"Sanctioned Entity" means (a) an agency of the government of, (b) an organization directly or indirectly controlled by, or (c) a person resident in a country that is subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/enforcement/ofac/programs, or as otherwise published from time to time as such program may be applicable to such agency, organization or person.

"Sanctioned Person" means a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at http://www.treas.gov/offices/enforcement/ofac/sdn/index.html, or as otherwise published from time to time.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations thereunder as the same shall be in effect at the time.

"Security Agreement" means those General Security Agreements granted initially by the applicable Initial Borrowers in favour of the Agent (including one executed by the US Borrowers that are Initial Borrowers, dated as of the Closing Date) as amended, restated, supplemented or otherwise modified from time to time, or in the event that multiple General Security Agreements are granted by one or more Loan Parties in favour of the Agent on or after the Closing Date in respect of the Obligations (including one executed by the Canadian Borrowers that are Initial Borrowers), Security Agreement shall mean all such agreements, individually and collectively.

"Single Employer Plan" means a US Plan maintained by any Loan Party, its Subsidiaries or any member of a controlled group of corporations with such Loan Party, within the meaning of Section 4001(a) or (b) of ERISA or Section 414(b) of the Code, for employees of such Loan Party, any of its Subsidiaries or any of their respective ERISA Affiliates.

"Solvent" means (a) both immediately before and after giving effect to the transactions contemplated by this Agreement and the other Loan Documents, the fair value of the assets and the property of a Person exceeds the fair value of the aggregate liabilities (including contingent and unliquidated liabilities) of such Person, (b) after giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, such Person will not be left with unreasonably small capital, (c) after giving effect to the transactions contemplated by this Agreement and the other Transaction Documents, such Person is able to both service and pay its liabilities as they mature. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities will be computed as the amount that, in light of all the facts and circumstances existing at such time, represents

the amount that is likely to become an actual or matured liability, and (d) such Person is not an insolvent person as such term is defined in the BIA.

"Subordinated Debt" means all Indebtedness of the Loan Parties and their respective Subsidiaries existing on the Closing Date or incurred hereafter, which is subordinated and junior to the payment and performance in full of the Obligations pursuant to the terms of a subordination and postponement or intercreditor agreement satisfactory to the Agent.

"Subsidiary" means, with respect to any Person, a corporation or other entity of which more than fifty percent (50%) of the voting power of the voting equity securities or equity interests is owned, directly or indirectly, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of Parent. The Excluded Subsidiaries shall not be considered "Subsidiaries".

"Subsidiary Guaranty Agreement" means each Subsidiary Guaranty Agreement, in the form required by the Agent, between a Subsidiary and the Agent, as amended, restated, supplemented or otherwise modified from time to time.

"Tax" means any Canadian or United States federal, state, provincial, or local or any foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code §59A), customs duties, capital stock, capital gains, goods and services taxes, franchise profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on-minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Affiliate" means, (a) the Loan Parties and their Subsidiaries and (b) any Affiliate of a Loan Party with which such Loan Party files or is eligible to file consolidated, combined or unitary Tax Returns.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Trademark License**" shall mean rights under any written agreement now owned or hereafter acquired by any Person granting any right to use any Trademark or Trademark registration.

"**Trademarks**" shall mean all of the following now owned or hereafter acquired by any Person: (i) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, Canada, any Province, State or Territory thereof, or any other country or any political subdivision thereof; and (ii) all reissues, extensions or renewals thereof.

"**Transaction Documents**" means the Loan Documents.

"Transactions" means, collectively, (a) the Permitted Acquisitions, (b) the making of the Loans and the other transactions contemplated by this Agreement and the other Loan Documents and (c) the issuance of the Warrants.

"TwoG Entities" means the Persons identified as "TwoG Entities" on Schedule 1.1.

"**TwoG PNotes**" means all documentation existing from time to time, evidencing any indebtedness between any Loan Party and any TwoG Entity, and all documentation entered into between any TwoG Entity, from time to time, with or in favour of any Loan Party in connection therewith (including, without limitation, any security agreements securing any such obligations), as the same may be modified, amended, restated or replaced from time to time.

"**UCC**" means the Uniform Commercial Code of the State of New York as same may be amended from time to time and similar or analogous legislation in the applicable states of the United States and the District of Columbia in respect of each applicable Loan Party.

"Unfinanced Capital Expenditures" means cash payments in respect of Capital Expenditures that are not funded with financing provided by the applicable seller or third party lenders.

"Unfunded Liabilities" means the amount (if any) by which the present value of all vested and unvested accrued benefits under all Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plans, in the case of US Plans using actuarial assumptions used in determining the Plans' normal cost for purposes of Section 412(b)(2)(A) of the Code. In each case, the foregoing determination shall be made as of the most recent date prior to the filing of said annual report as of which such actuarial present value of accumulated Plan benefits is determined.

"US Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978, as amended and in effect from time to time and regulations issued from time to time thereunder.

"**US Borrowers**" means, collectively, each Loan Party that is organized or existing under the laws of the United States of America or any State thereof or the District of Columbia, and as of the Closing Date means MJAR HOLDINGS, LLC, MJARDIN CAPITAL, LLC, 6100 E. 48TH AVE., LLC, MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT MISSOURI, LLC, MJARDIN MANAGEMENT TEXAS, LLC, MJARDIN MANAGEMENT HAWAII, LLC, MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, MJARDIN MANAGEMENT FLORIDA, LLC, MJARDIN MANAGEMENT MASSACHUSETTS, LLC, MJARDIN MANAGEMENT VERMONT, LLC, MJARDIN MANAGEMENT OHIO, INC. and BUDDY BOY BRANDS HOLDINGS, LLC.

"**US Facility**" means the Loans made to the US Borrowers up the Maximum US Amount.

"US Plans" has the meaning given to that term in Section 5.21(a).

"Warrant" means each warrant issued on the escrow release date by Parent to each Lender, in the form acceptable to the Agent acting reasonably; and any instrument issued in exchange or replacement therefor.

"**Winnipeg Property**" means lands and premises municipally known as 1 Warman Road, Winnipeg, MB, R2J 0S4.

"**Winnipeg Property Acquisition**" means the acquisition by MJardin Manitoba Inc. of the Winnipeg Property.

"Wholly-owned" means, with respect to a Subsidiary of any Person, that all of the issued and outstanding Capital Stock of such Subsidiary is, directly or indirectly, owned or controlled by such Person and/or one or more of its Wholly-owned Subsidiaries.

1.2. Accounting Terms. All accounting terms used herein and not expressly defined in this Agreement shall have the respective meanings given to them in conformance with GAAP. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, this shall be done in accordance with GAAP, consistently applied, to the extent applicable, except as otherwise expressly provided in this Agreement. If any changes in accounting principles from those in effect on the Closing Date are hereafter occasioned by promulgation of rules, regulations, pronouncements or opinions by or are otherwise required by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions), and any of such changes results in a change in the method of calculation of, or affects the results of such calculation of, any of the financial covenants, standards or terms found herein, then the parties hereto agree upon the request of any Loan Party or Agent to enter into and diligently pursue negotiations in order to amend such financial covenants, standards or terms so as to equitably reflect such changes, with the desired result that the criteria for evaluating financial condition and results of operations of the Loan Parties shall be the same after such changes as if such changes had not been made; provided, that until any such amendments have been agreed upon by the Agent, the provisions in this Agreement shall be calculated as if no such changes in accounting principles had occurred.

1.3. Currency. All references in this Agreement to "$" or currency shall mean the lawful currency of Canada.

Article 2
THE LOANS

2.1. Loans. Subject to the terms and conditions herein set forth, each Lender agrees, severally, to make Loans available to the Borrowers in an aggregate amount up to, in respect of the Canadian Facility, the Maximum Canadian Amount, and in respect of the US Facility, the Maximum US Amount. The Loans shall be funded by the Lenders on the Closing Date into escrow pursuant to the terms of the Escrow Agreement. No part of any Loan may, upon repayment thereof, be redrawn or reborrowed. Each loan will be evidenced by a promissory note in form acceptable to the Agent, acting reasonably.

2.2. Fees Payable.

(a) Work Fee. On the Closing Date, US Borrowers shall pay to the Agent a closing fee in an aggregate amount equal to 2.0% multiplied by the Maximum Amount, plus applicable taxes, which shall be fully earned and non-refundable. Such fee may be deducted by the Agent from the first advance of the Loan and the US Borrowers authorize such payment to the Agent.

(b) Administration and Monitoring Fee. US Borrowers shall pay to the Agent a fully earned and non-refundable annual administration and monitoring fee in the amount of $24,000, plus applicable taxes payable in monthly installments of $2,000 in advance, on the Closing Date and on the first day of each month thereafter for as long as any Obligations remain outstanding.

(c) Reimbursement of Expenses. On the Closing Date, the US Borrowers shall jointly and severally reimburse all of the Agent's and the Lenders' out-of-pocket fees and expenses (including, without limitation, fees, charges and disbursements of counsel and other out-of-pocket

expenses such as consultant fees, travel expenses, background checks and other expenses) incurred in connection with (i) the preparation, negotiation, execution and delivery of this Agreement and the other Transaction Documents, (ii) the Agents' due diligence investigation, and (iii) the other transactions contemplated by this Agreement and the Loan Documents (including filings or other actions required to perfect the security interests granted under the Collateral Documents).

(d) Computation of Interest and Fees. All computations of fees shall be made on the basis of a 360-day year.

(e) Capital Cost Fee: As the Lenders, at the request of the Loan Parties, attributed funds to this transaction, and thereby made such funds unavailable for other purposes, the Loan Parties have agreed to a fee payable to the Agent, for the benefit of the Lenders, equal to the Applicable Rate of Interest on the Maximum Amount, for the period from and including December 1, 2017 through and including the Closing Date (the "**Capital Cost Fee**"). Such Capital Cost Fee shall be fully earned, due and payable on the Closing Date and shall be added to the principal amount of the Loan on the Closing Date, and shall be apportioned amongst the Canadian Facility and the US Facility on the basis of: 5/32nds of such fee applied to the Canadian Facility, and 27/32nds of such fee applied to the US Facility.

Article 3
PAYMENTS

3.1. Interest.

(a) **Interest Rate; Payments**. Interest on the outstanding principal amount of the Loans shall accrue daily, on the basis of a 360-day year, from and including the Closing Date through and until full and final repayment of the principal amount of the Loans and payment of all interest thereon in full at an aggregate rate equal to the Applicable Interest Rate, and shall be compounded monthly. The Canadian Borrowers shall be liable to pay interest in respect of outstanding amounts on the Canadian Facility and the US Borrowers shall be liable to pay interest in respect of outstanding amounts on the US Facility. On the last day of each month in which the Loans are outstanding, the Borrowers shall pay in arrears in cash by automatic bank draft to an account designated in writing by Agent a portion of the interest accrued on the outstanding principal amount of the Loans based on an interest rate equal to floating rate per annum, calculated and automatically reset on a daily basis, equal to the sum of (i) BNS Prime plus (ii) six and eight tenths percent (6.8%) On account of this calculation, the monthly payment of interest shall be less than the amount of interest accrued during such month (with the difference being referred to as the "**Capitalized Portion of Interest**") and the Capitalized Portion of Interest shall be added to the principal amount of the Loan outstanding and shall accrue interest from such date at the Applicable Interest Rate. The aggregate Capitalized Portion of Interest, together with accrued interest thereon shall be due and payable on the earliest to occur of (i) the Maturity Date (or such earlier date that demand is made), (ii) the repayment by the Borrowers of any other principal amounts due in respect of this Agreement, (iii) the date of any Liquidity Event, and (iv) demand from the Agent. If any date on which interest is to be paid is not a Business Day, such interest shall be paid on the next succeeding Business Day to occur after such date (each date upon which interest shall be so payable, an "**Interest Payment Date**").

(b) *Interest Act (*Canada). For the purposes of this Agreement, whenever interest or a fee to be paid hereunder is to be calculated on the basis of a year of three hundred and sixty (360) days, or any other period of time that is less than a calendar year, the yearly rate of interest or the yearly fee to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either three hundred and sixty (360) or such other period of time, as the case may be.

(c) Default Rate of Interest. Notwithstanding the foregoing provisions of this Section 3.1, but subject to applicable law, upon the occurrence and during the continuance of any Event of Default, at the election of the Agent, interest on the Obligations shall accrue from the date of the occurrence of such Event of Default until such Event of Default is cured or waived in writing at a rate equal to the sum of (i) the Applicable Interest Rate payable as provided in Section 3.1(a) above plus (ii) an additional five percent (5.0%) per annum (the "**Default Rate**"), which additional interest shall (x) at the election of the Borrowers, be paid in cash in the manner set forth in Section 3.1(a) above, or, (y) if not so paid, be capitalized and added to the principal amount of the Loans, and shall thereafter bear interest as set forth in this Section 3.1 and shall be payable in full immediately upon the earlier of demand from the Agent or the Maturity Date if not otherwise paid prior to such date.

(d) No Usurious Interest. In the event that any interest rate(s) provided for in this Section 3.1 shall be determined to exceed any limitation on interest under applicable law, such interest rate(s) shall be computed at the highest rate permitted by applicable law. Any payment by the Borrowers of any interest amount in excess of that permitted by law shall be considered a mistake, with the excess being applied to the principal amount of the affected Loan without any prepayment premium or penalty. If no such principal amount is outstanding, then such excess shall be returned to the applicable Borrowers which made such excess payment.

3.2. Repayment and Prepayments of Loans.

(a) Scheduled Repayments. Commencing on March 30, 2019 the principal amount of the Loans shall be paid in equal monthly installments of $384,523.81, proportionally split between the US Facility and the Canadian Facility based on the outstanding amounts of each Facility (with the Canadian Borrowers liable to make payments in respect of the Canadian Facility and the US Borrowers liable to make payments in respect of the US Facility) and shall be due and payable on the last day of each month. The final scheduled installment of Loans shall, in any event, be in an amount equal to the entire remaining balance of the Loans.

(b) Maturity Date. The Borrowers shall repay the Loans to the Lenders on the earlier to occur of (i) December 29, 2019 (the "**Maturity Date**"), or (ii) demand from the Agent, by payment in cash in full of the entire outstanding principal balance thereof, plus all unpaid interest accrued thereon through the date of repayment, plus all outstanding and unpaid fees and expenses payable to the Lenders under the Loan Documents through the date of repayment.

(c) Optional Prepayments. The Borrowers shall have the right, upon notice to the Agent of their intention to prepay the Loans (such notice the "**Prepayment Notice**") at their sole option and election, at any time or from time to time prior to the Maturity Date to prepay the Loans, in whole or in part, by payment of an amount equal to the unpaid principal balance thereof to be prepaid, plus all unpaid interest accrued thereon through the date of prepayment, plus all outstanding and unpaid fees and expenses payable to the Agent and the Lenders under the Loan Documents through the date of prepayment, plus the applicable Prepayment Premium, if any.

(d) Mandatory Prepayments.

Without limiting the right of the Agent to demand repayment in full of all outstanding Obligations (including, without limitation, outstanding principal, accrued interest and fees and expenses set out in this Agreement) at any time:

(i) Change of Control; Initial Public Offering. The Parent, shall provide notice to the Agent at least thirty (30) days prior to the occurrence of (A) a Change of Control or (B) an

Initial Public Offering, of any Loan Party. During the period between such notice and the time of such Initial Public Offering or Change of Control, the Parent and the Agent agree to enter into discussions to determine if the Agent requires any additional documentation or security (to be delivered contemporaneously with the occurrence of such Change of Control or Initial Public Offering) to the extent that the Agent, acting reasonably, determines that the Change of Control or Initial Public Offering will diminish the risk profile or creditworthiness of the Loan Parties taken as a whole.

(ii) Dispositions; Casualty Losses. Promptly, and in any event within three (3) Business Days of receipt by any Loan Party or any Subsidiary of a Loan Party of the proceeds of any voluntary or involuntary sale or disposition by such Person of assets (including the sale of any Intellectual Property and including casualty losses or condemnations, but excluding sales or dispositions which are permitted under Section 7.4), the Borrowers shall be required to prepay the Loans in an amount equal to 100% of such net cash proceeds (including condemnation awards and payments in lieu thereof) received by such Person in connection with such sales or dispositions; provided that, so long as (A) no Default or Event of Default shall have occurred and is continuing or would result therefrom, (B) the Borrowers shall have given Agent prior written notice of such Person's intention to apply such monies to the costs of replacement of the properties or assets that are the subject of such sale or disposition or the cost of purchase or construction of other assets useful in the business of such Person, (C) the monies are held in a deposit account in which the Agent and Lenders have a perfected first-priority security interest, and (D) such Person completes such replacement, purchase, or construction within 180 days after the initial receipt of such monies, then the Loan Party or Subsidiary of a Loan Party whose assets were the subject of such disposition shall have the option to apply such monies to the costs of replacement of the assets that are the subject of such sale or disposition or the costs of purchase or construction of other assets useful in the business of such Borrower unless and to the extent that such applicable period shall have expired without such replacement, purchase, or construction being made or completed, in which case, any amounts remaining in the deposit account referred to in clause (C) above shall be paid to the Lenders and applied in prepayment of the Loans in accordance with Section 3.3. Nothing contained in this Section 3.2(d)(ii) shall permit any Loan Party or any Subsidiary to sell or otherwise dispose of any assets other than in accordance with Section 7.4.

(iii) Indebtedness. Promptly, and in any event within three (3) Business Days of the date of incurrence by any Loan Party or any Subsidiary of any Indebtedness (other than Indebtedness permitted pursuant to Section 7.2), the Borrowers shall be required to prepay the Loans in an amount equal to 100% of the net cash proceeds (if any) received by such Person in connection with such incurrence. The provisions of this Section 3.2(d)(iii) shall not be deemed to be implied consent to any such incurrence otherwise prohibited by the terms of this Agreement.

(iv) Equity Issuances. Subject to 3.2(d)(i) the Parent, shall provide notice to the Agent at least ten (10) Business Days prior to the date of the issuance by any Loan Party or any Subsidiary of a Loan Party of any Capital Stock other than the issuance of Capital Stock of a Loan Party to directors, officers and employees of such Loan Party and its Subsidiaries pursuant to employee stock option plans (or other employee incentive plans or other compensation arrangements) as in effect as of the Closing Date. Parent and Agent shall negotiate in good faith regarding the use of the proceeds of any such issuance. The provisions of this Section 3.2(d)(iv) shall not be deemed to be implied consent to any such issuance otherwise prohibited by the terms of this Agreement.

(e) Acceleration. In addition, the Loans shall be subject to acceleration as set forth in Section 8.2 below.

(f) Prepayment Premium. In the event that the Borrowers prepay any outstanding Loans (including, without limitation, any prepayment pursuant to Section 3.2(c) but expressly excluding

any prepayment resulting from a demand made by the Agent or Lenders under this Agreement except where the Agent reasonably believes that a Borrower is intentionally causing the occurrence of an Event of Default to cause the Agent to make demand in an effort to avoid the Prepayment Premium), the US Borrowers shall pay to the Lenders a prepayment premium (the "**Prepayment Premium**") as follows:

i. Payment before nine month from the Closing Date. In the event that such prepayment occurs prior to the date that is nine months after the Closing Date a Prepayment Premium shall be due and payable on the date of such prepayment in an amount equal to the following formula:

I/365 x N x M

I = the Applicable Interest Rate on the date the prepayment is made;

N = the number of days from and including the date of such prepayment, to and including the date that is nine (9) months from the Closing Date;

M = the amount prepaid including any proportionate interest and other fees owing

ii. If prepayment occurs with less than ninety (90) days prior notice. In addition to the Prepayment Premium set out in part in part (i) if applicable, in the event the Borrowers fail to provide a Prepayment Notice to the Agent at least ninety (90) days prior to the proposed prepayment date (the "**Prepayment Date**") setting forth the amount being prepaid (the "**Prepayment Amount**") and the Prepayment Date, the Borrowers shall, in addition to the Prepayment Amount pay to the Agent a Prepayment Premium calculated in accordance with the formula set out below which shall be due and payable as of the date the prepayment is made:

I/365 x (90 – N) x M

Where:

I = the Applicable Interest Rate on the Facility on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made;

N = where a Prepayment Notice was given, the number of days between the date the Prepayment Notice is given and the date of prepayment, provided that if no Prepayment Notice was given, N shall equal 0; and

M = the Prepayment Amount, including any proportionate interest and other fees owing, on the date the Prepayment Notice was given or, if no Prepayment Notice was given, on the date the prepayment is made.

In the event that the Prepayment Amount is not paid in full on the Prepayment Date, then the Agent shall have the option, in its discretion, to declare and consider the Prepayment Notice to be null and void such that any prepayment shall thereafter only be permitted by the delivery of a new Prepayment Notice in compliance with this Agreement.

For greater certainty, the Prepayment Premium shall not apply in the event that the following are both true: (a) the escrow release on account of the BB Acquisition contemplated in Section 4.3(a) does not occur prior to January 9, 2018 (or such later date agreed to between the parent and the Agent) and (b) no funds are released from escrow to the Borrowers on account of the BB Acquisition.

The Borrowers acknowledge that the foregoing Prepayment Premiums represents a reasonable and fair estimate for the loss that the Lenders may sustain from the prepayment of the Loans, and further acknowledge that except as specifically provided herein, the Borrowers have no right to optionally prepay the Loans in whole or in part without paying the foregoing Prepayment Premium.

3.3. Manner of Payment.

(a) All fees, interest, premium, principal and other amounts payable in respect of any Loan Document shall be paid via automatic bank draft or (to the extent previously agreed by Agent) by wire transfer of immediately available funds, to an account at a bank designated in writing by Agent. All payments made by the Borrowers (including, without limitation, a prepayment under Section 3.2, but excluding, except in the case of clause (b) below, regular monthly interest payments made when due under Section 3.1(a)) upon the Obligations and all net proceeds from the enforcement of the Obligations shall be applied (a) first, to that portion of the Obligations constituting fees, indemnities, and expenses and other amounts (including attorney fees), payable to the Agent and the Lenders, (b) second, to the payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, (c) third, to the payment of that portion of the Obligations constituting unpaid principal of the Loans, and (d) last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrowers or as otherwise required by any Requirement of Law. All payments made by any of the Borrowers upon the Loans (including, without limitation, payments of principal if prepaid or upon earlier acceleration) shall be paid to the Agent to be distributed by the Agent proportionally among the Lenders based upon the outstanding principal amount of the Loans held by each Lender. The Borrowers shall make all payments due under the Loans, whether of principal, interest or otherwise, free of and without deduction or withholding for any and all Indemnified Taxes, except in compliance with the following sentence. If the Borrowers are compelled by law to deduct or withhold any Indemnified Taxes, the Borrowers shall promptly pay to each Lender such additional amount as is necessary to ensure that after the making of such deduction or withholding, such Lender receives and retains (free from any liability in respect of any such deduction or withholding) a net amount equal to the sum which such Lender would have received and so retained had no such deduction or withholding been made or required to be made for Indemnified Taxes.

(b) The Borrowers agree to timely pay to the relevant Governmental Authority, or at the option of the Agent timely reimburse it for payment of, any Other Taxes. The Loan Parties shall jointly and severally indemnify the Agent, each Lender and any other recipient of any payment to be made by or on account of any obligation of the Borrowers hereunder, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Person or required to be withheld or deducted from a payment to such Person and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

3.4. Obligations Joint and Several.

(a) Nature of Obligations. Each of the Loan Parties acknowledges and agrees that each Loan Party is receiving good and valuable consideration for the agreements contained herein and in the other Loan Documents including, without limitation, each Borrower's grant of collateral to secure the Obligations. Each of the Loan Parties shall be jointly and severally liable for the Obligations however incurred (and regardless of which of the Loan Parties actually receives the proceeds of any Loan); provided, however, that notwithstanding anything to the contrary herein, the parties hereto agree that the Canadian Borrowers shall be jointly and severally liable only with respect to the Canadian Obligations. Each Loan Party agrees that its joint and several liability with regard to the Obligations or the Canadian Obligations, as the case may be shall be primary, absolute and unconditional, irrespective of, and unaffected by the following and each Loan Party, to the extent permitted by applicable laws, hereby waives each of the following rights or defenses (and agrees not to take advantage of or assert any such right or defense) with respect to the Obligations or the Canadian Obligations, as the case may be:

(i) any rights it may now or in the future have under any statute, or at law or in equity, or otherwise, to compel the Lenders to proceed in respect of the Obligations against any Loan Party or any other Person or against any security for or other guaranty of the payment and performance of the Obligations before proceeding against, or as a condition to proceeding against, such Loan Party;

(ii) the genuineness, validity, regularity or enforceability of this Agreement or any other Loan Document or any other agreement, document or instrument to which any Loan Party is or may become a party;

(iii) the absence of any action to enforce this Agreement or any other Loan Document or the waiver or consent by the Agent or the Lenders with respect to any of the provisions of this Agreement or any other Loan Document;

(iv) the existence, value or condition of, or failure to perfect any Lien against, any security for or other guaranty of the Obligations or any action, or the absence of any action, by the Lenders in respect of such security or guaranty (including, without limitation, the release of any such security or guaranty or any defense based upon the failure of the Agent or the Lenders to commence an action in respect of the Obligations against any Loan Party, any Subsidiary of a Loan Party or any other Person or any security for the payment and performance of the Obligations);

(v) any right to insist upon, plead or in any manner whatever claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshaling of assets or redemption laws, or exemption, whether now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance by such Loan Party of its obligations under, or the enforcement by the Lenders of this Agreement;

(vi) any right of diligence, presentment, demand, protest and notice (except as specifically required herein) of whatever kind or nature with respect to any of the Obligations and each Loan Party waives, to the extent permitted by applicable laws, the benefit of all provisions of law which are or might be in conflict with the terms of this Agreement;

(vii) any and all right to notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Lenders upon, or acceptance of, this section; and

(viii) any other action or circumstance which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor.

Each Loan Party hereby agrees and acknowledges that the Obligations, or any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this section, and all dealings between the Loan Parties, on the one hand, and the Lenders or the Agent, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Section 3.4.

(b) Bankruptcy Limitations and Reinstatement. Notwithstanding anything to the contrary contained in this Agreement, it is the intention of each Loan Party and the Lenders that, in any proceeding involving the bankruptcy, reorganization, arrangement, adjustment of debts, relief of debtors, dissolution or insolvency or any similar proceeding with respect to any Loan Party or its assets, the amount of such Loan Party's obligations with respect to the Obligations shall be equal to, but not in excess of, the maximum amount thereof not subject to avoidance or recovery by operation of Applicable Insolvency Laws after giving effect to Section 3.4(c). To that end, but only in the event and to the extent that after giving effect to Section 3.4(c), such Loan Party's obligations with respect to the Obligations or any payment made pursuant to such Obligations would, but for the operation of the first sentence of this Section 3.4(b), be subject to avoidance or recovery in any such proceeding under Applicable Insolvency Laws after giving effect to Section 3.4(c), the amount of such Loan Party's obligations with respect to the Obligations shall be limited to the largest amount which, after giving effect thereto, would not, under Applicable Insolvency Laws, render such Loan Party's obligations with respect to the Obligations unenforceable or avoidable or otherwise subject to recovery under Applicable Insolvency Laws. To the extent any payment actually made pursuant to the Obligations exceeds the limitation of the first sentence of this Section 3.4(b) and is otherwise subject to avoidance and recovery in any such proceeding under Applicable Insolvency Laws, the amount subject to avoidance shall in all events be limited to the amount by which such actual payment exceeds such limitation and the Obligations as limited by the first sentence of this Section 3.4(b) shall in all events remain in full force and effect and be fully enforceable against such Loan Party. The first sentence of this Section 3.4(b) is intended solely to preserve the rights of the Lenders hereunder against the Loan Parties in such proceeding to the maximum extent permitted by Applicable Insolvency Laws and neither such Loan Party nor any other Person shall have any right or claim under such sentence that would not otherwise be available under Applicable Insolvency Laws in such proceeding. This Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time payment of all or any part of the Obligations is rescinded or must otherwise be returned or restored by the Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Borrowers or any other Loan Party, or otherwise, all as though such payments had not been made.

(c) Agreement for Contribution. If any Loan Party shall have a right of contribution from the other Loan Parties by law or by any agreement among the Loan Parties, the payment obligations of the Loan Parties pursuant to such right of contribution shall be subordinate and subject in right of payment to the Obligations until such time as the Obligations have been indefeasibly paid in full, and no Loan Party shall exercise any right or remedy against any other Loan Party with respect to such right of contribution until such Obligations have been indefeasibly paid in full.

(d) No Subrogation. Notwithstanding any payment or payments by any of the Loan Parties hereunder, or any set-off or application of funds of any of the Loan Parties by the Lenders, or the receipt of any amounts by the Lenders with respect to any of the Obligations, none of the Loan Parties shall be entitled to be subrogated to any of the rights of the Lenders against the other Loan Parties or against any collateral security held by the Lenders for the payment of the Obligations nor shall any of the Loan Parties seek any reimbursement from any other Loan Party in respect of payments made by such Loan Party in connection with the Obligations, until all amounts owing to the Lenders on account of the Obligations are indefeasibly paid in full in cash. If any amount shall be paid to any Loan Party on account of such subrogation rights at any time when all of the Obligations shall not have been

indefeasibly paid in full, such amount shall be held by such Loan Party in trust for the Lenders, segregated from other funds of such Loan Party, and shall, forthwith upon receipt by such Loan Party, be turned over to the Lenders in the exact form received by such Loan Party (duly endorsed by such Loan Party to the Lenders, if required) to be applied against the Obligations, whether matured or unmatured, in such order as set forth in this Agreement.

(e) Canadian Loan Parties. For greater certainty, and notwithstanding anything to the contrary herein or otherwise, the parties hereto agree that the Canadian Borrowers are liable to Agent and Lenders in respect of the Canadian Obligations only.

Article 4
CONDITIONS TO THE OBLIGATIONS OF THE LENDERS

4.1. Loans. The obligation of the Lenders to make the Loans on the Closing Date and to perform any obligations hereunder shall be subject to the satisfaction as determined by, or waived by, the Agent of the following conditions on or before the Closing Date; provided, that any waiver of a condition shall not be deemed a waiver of any breach of any representation, warranty, agreement, term or covenant, as specifically set forth elsewhere in this Agreement, or of any misrepresentation by the Loan Parties:

(a) Representations and Warranties. The representations and warranties contained in Article 5 hereof shall be true and correct in all material respects (except to the extent such representations and warranties are by their terms qualified by reference to materiality, in which case such representations and warranties shall be true and correct in all respects) at and as of the Closing Date (except to the extent such representations and warranties specifically relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date) after giving effect to the Transactions.

(b) Compliance with this Agreement. Each Loan Party shall have performed and complied with all of its agreements and conditions set forth or contemplated herein in all material respects that are required to be performed or complied with by such Person on or before the Closing Date.

(c) Loans Permitted by Applicable Laws. The making of the Loans by the Lenders hereunder and the consummation of the transactions contemplated hereby and by the Transaction Documents (a) shall not be prohibited by any Requirement of Law, and (b) shall not subject the Lenders or the Agent to any penalty or other onerous condition under or pursuant to any Requirement of Law.

(d) Consents and Approvals. All consents, exemptions, authorizations, or other actions by, or notices to, or filings with, Governmental Authorities and other Persons in respect of all Requirements of Law and with respect to those Contractual Obligations of each Loan Party necessary in connection with the execution, delivery or performance by each Loan Party, or enforcement against each Loan Party, of the Transaction Documents to which they are a party shall have been made or obtained and be in full force and effect, and the Agent shall have been furnished with appropriate evidence thereof.

(e) No Litigation. No action, suit or proceeding before any court or any Governmental Authority shall have been commenced or threatened, no investigation by any Governmental Authority shall have been commenced and no action, suit or proceeding by any Governmental Authority shall have been threatened against any Lender, the Agent, or any Loan Party (a) seeking to restrain, prevent or change the Transactions or questioning the validity or legality of any of such Transactions, or (b) which could reasonably be expected to have a Material Adverse Effect.

(f) Fees, Etc. On the Closing Date, the Borrowers shall have paid to the Agent and the Lenders all out-of-pocket costs, fees and expenses (including, without limitation, legal fees and expenses) then payable to the Agent and the Lenders hereunder.

(g) Collateral. The Agent shall have received UCC financing statements, as the Agent may determine to be necessary or appropriate to perfect the Liens granted under the Security Agreements, all in form and substance acceptable to the Agent.

(h) Lien Searches. The Agent shall have received searches of the PPSA, UCC, judgment and tax lien filings which may be filed with respect to the collateral covered by the Collateral Documents confirming that all such Property given as collateral is subject to no Liens except Permitted Liens.

(i) No Material Adverse Effect. There shall exist no event, development or circumstance occurring on or after December 31, 2016 that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(j) Investment Committee Approval. The respective investment committees of each of the Lenders shall have approved the entering into of the Loan Documents by the Lenders.

(k) Documents. The Agent shall have received true, complete and correct copies (A) the Security Agreement executed by the US Borrowers that are Initial Borrowers, (B) this Agreement, (C) a subordination agreement between the Agent and the agent representing holders of approximately $20 million of subordinated Debentures issued by Parent (D) the Escrow Agreement, (E) an irrevocable direction regarding the initial advance of the Loan, and (F) such other agreements, schedules, exhibits, certificates, documents, financial information and filings as the Agent may request in connection with or relating to the Transactions all in form and substance satisfactory to the Agent.

(l) Diligence: The Agent shall be satisfied with its review of the Permitted Acquisition Documentation (as it then exists), and its general diligence review of the Loan Parties, the TwoG Entities and the Economic Flow Agreements (as they then exist).

4.2. Release from Escrow on Account of any Permitted Acquisition Subject to the remainder of this Section 4.2 and Section 4.3, the obligation of the Agent to direct the escrow agent to release funds from escrow pursuant to the terms of the Escrow Agreement, shall be subject to the satisfaction as determined by, or waived by, the Agent, in its sole discretion, acting reasonably, of the following conditions provided, that any waiver of a condition shall not be deemed a waiver of any breach of any representation, warranty, agreement, term or covenant, as specifically set forth elsewhere in this Agreement, or of any misrepresentation by the Loan Parties:

(a) All of the conditions set forth in Section 4.1 shall remain true as if given at the date of such release from escrow (each date that funds are released from escrow pursuant to the Escrow Agreement is referred to as an "**Escrow Release Date**").

(b) Release from Escrow by Applicable Laws. The release of proceeds of the Loans held in escrow as contemplated by the Escrow Agreement hereunder and the consummation of the transactions contemplated hereby and by the Permitted Acquisitions to which the release from escrow relates (a) shall not be prohibited by any Requirement of Law, and (b) shall not subject the Lenders or the Agent to any penalty or other onerous condition under or pursuant to any Requirement of Law.

(c) Certificates. The Agent shall have received certificates from each Loan Party or new Loan Party being joined on account of a Permitted Acquisition or both, if not yet delivered, dated as of the Escrow Release Date and signed by an officer of such Person, certifying (a) that the attached copies of the Charter Documents of such Person, and resolutions of the board of directors or similar governing body of such Person approving the Transaction Documents, and applicable Permitted Acquisition Documents to which it is a party are all true, complete and correct and remain unamended and in full force and effect, and (b) the incumbency and specimen signature of each manager or officer of such Loan Party executing any Loan Document to which it is a party or any other document delivered in connection herewith and therewith on behalf of such Loan Party.

(d) Solvency. The Agent shall have received a certificate, signed by the chief executive officer or chief financial officer of Parent, certifying that the Loan Parties, individually and taken as a whole, are Solvent.

(e) Joinder The Agent shall have received a Joinder Agreement in form and substance satisfactory of the Agent, joining each party required to be joined to the Loan Agreement on account of the relevant Permitted Acquisition. For greater certainty, the Joinder will provide that the new Loan Parties will give the same representations and warranties as set out in this Agreement, to be true as of the Escrow Release Date following the completion of such Permitted Acquisition.

(f) Financial Information. The Agent shall have received (a) a set of projections of the Loan Parties for the three year period following the applicable Escrow Release Date, including projected financial statements and Capital Expenditures accounting for the Permitted Acquisition, and (b) a pro forma balance sheet of the Loan Parties, prepared giving effect to the consummation of the applicable Permitted Acquisition, in each case in form and substance (including as to scope and underlying assumptions) satisfactory to the Agent.

(g) Documents. The Agent shall have received true, complete and correct copies of the Permitted Acquisition Documents relating to such applicable Permitted Acquisition and such other agreements, schedules, exhibits, certificates, documents, financial information and filings as the Agent may request in connection with or relating to the Transactions, or such Permitted Acquisition, all in form and substance satisfactory to the Agent, including, without limitation, each of the Loan Documents executed by each Loan Party as and where applicable.

(h) Opinion of Counsel. The Agent and Lenders shall have received opinions of counsel to the Loan Parties, dated as of such Escrow Release Date, relating to the Transactions, in form and substance acceptable to the Agent. For greater certainty, on the first Escrow Release Date relating to the BB Acquisition, such opinions shall, amongst other things, be in respect of the Loan Parties, and the BB entities, and additional opinions will be in respect of new entities joined by Joinder on account the applicable Permitted Acquisition.

(i) Collateral. The Agent shall have received correct, complete, fully executed copies of each of the Collateral Documents in a form acceptable to the Agent, together with such PPSA and UCC financing statements, original stock certificates, if any, and corresponding stock powers, any original promissory notes subject to the Security Agreements, notices of security interest to be filed in the United States Patent and Trademark Office, insurance policies, and other instruments and documents required to be delivered under the Collateral Documents or as the Agent may otherwise determine to be necessary or appropriate to perfect the Liens granted thereunder, all in form and substance acceptable to the Agent, in each case after taking into account the applicable Permitted Acquisition.

(j) Subordination Agreements: The Agent shall have received all subordination agreements required by the Agent, in respect of any Subordinated Debt.

(k) Warrants: The Warrants shall have been issued.

(l) No Material Judgment or Order. There shall not be any judgment, injunction or order of a court of competent jurisdiction or any ruling of any Governmental Authority which, in the judgment of the Agent, would prohibit the making of the Loans hereunder, or the release from Escrow or subject the Agent or the Lenders to any penalty or other onerous condition under or pursuant to any Requirement of Law if the Loans were to be made hereunder, or the funds released from Escrow.

(m) Good Standing Certificates. Loan Parties, and any new Loan Parties joining the Loan Agreement on account of the Permitted Acquisition, shall have delivered to the Agent as of a date not more than 20 days before the Closing Date good standing certificates for each Loan Party in respect of which the Agent does not have such certificate, for its jurisdiction of incorporation or formation and certificates of foreign qualification for all other jurisdictions where it does business.

(n) Insurance Certificates. The Agent shall have received (a) evidence of insurance complying with the requirements of Section 6.6 and (b) certificates and applicable endorsements naming the Agent as an additional insured on all liability policies and as loss payee on all property policies for the business and properties of the Loan Parties.

(o) Diligence: The Agent shall be satisfied, in its sole and absolute discretion with: (A) the form and substance of the applicable Permitted Acquisition Documentation, (B) its general diligence review of the Loan Parties (including any new Loan Parties to be added on account of the applicable Permitted Acquisition), (C) its assessment of the effect of the applicable Permitted Acquisition on the creditworthiness of the Loan Parties, and (D) the form and substance of the Economic Flow Agreements (as they then exist).

(p) No Event of Default: No Event of Default shall have occurred and be continuing, and no Event of Default would reasonably be expected to occur on account of the closing of the applicable Permitted Acquisition, including on account to having any new Persons joining the Loan Agreement.

(q) Closing of Other Transactions. (a) All conditions to the closing of the Permitted Acquisition to which the escrow release pertains, and set out in the applicable Permitted Acquisition Documents, shall have been satisfied other than any payment of the purchase price relating to such Permitted Acquisition including, in the case of the BB Entities, the wire by the escrow agent to the Vendor in accordance with a direction executed by the Parent and/or Agent directing that payment from the funds held in escrow pursuant to the Escrow Agreement be paid over to the Vendor equal to the remaining purchase price for the Permitted Acquisition, and (b) the issuance of the Warrants shall have occurred (or shall occur concurrent with the release of funds from escrow pursuant to the terms of the Escrow Agreement).

(r) Revised Schedules: The Parent shall have delivered revised schedules to this Agreement, in form and substance satisfactory to the Agent to reflect the changed information on account of the Permitted Acquisitions.

The Agent agrees that upon satisfaction or waiver of the applicable conditions pertaining to any Permitted Acquisition as provided for in Sections 4.2 and 4.3 hereof, the Agent shall forthwith forward to

the Escrow Agent (with a copy concurrently forwarded to the Parent) a direction directing the escrow agent under the Escrow Agreement to release from escrow such funds as requested by the applicable Borrower(s) relating to the specific Permitted Acquisition to be completed.

4.3. Release from Escrow on Account of Specific Permitted Acquisitions It is contemplated that amounts equal to the US Facility will be released from escrow (subject to the terms of this Article 4) at the time of the closing of the BB Acquisition, and it is contemplated that amounts equal to the Canadian Facility will be released from escrow (subject to the terms of this Article 4) at the time of the GRO Acquisition and at the time a deposit of no more than $1,500,000 is made in connection with the Winnipeg Property Acquisition. In addition to the requirements set out in Section 4.2 that apply to any Permitted Acquisition, the following additional conditions precedent shall apply to such releases from escrow requested to occur at the times of the closing of the BB Acquisition and the GRO Acquisition, and at the time a deposit is made in connection with Winnipeg Property Acquisition.

(a) In respect of the escrow release anticipated to occur at the time of the closing of the BB Acquisition:

a. the Agent shall have received on the applicable Escrow Release Date a certificate dated such date, and executed by the chief executive officer or chief financial officer of Parent on behalf of each Loan Party confirming that all conditions precedent to the BB Acquisition have been satisfied other than the wiring of the amounts to the BB Vendor set out in the irrevocable direction executed by Parent and delivered at such time;

b. All representations and warranties of the parties set forth in the BB Acquisition Documents were and are true, correct and complete in all material respects as of the date made or deemed made thereunder;

c. the Agent shall be satisfied, in its sole absolute discretion with the terms of any Economic Flow Agreements (to the extent not already reviewed by the Agent or to the extent amended since the Closing Date);

d. the amount requested to be released from escrow shall not exceed $26,800,000 minus any transaction costs associated with this Loan Agreement or the BB Acquisition;

e. any deeds of trust, assignments of leases and rents, environmental indemnity agreements and other real property documentation in association with the BB Entities as requested by the Agent; and

f. such other documentation as may be reasonably requested by the Agent after review of the BB Acquisition Documents.

(b) In respect of the escrow release anticipated to occur at the time of the closing of the GRO Acquisition:

a. the Agent shall have received on the applicable Escrow Release Date a certificate dated such date, and executed by the chief executive officer or chief financial officer of Mjardin Canada Inc. confirming that all conditions precedent to the GRO Acquisition have been satisfied other than the wiring of the amounts to the GRO Vendor set out in the irrevocable direction executed by Parent and delivered at such time;

b. all representations and warranties of the parties set forth in the GRO Acquisition Documents were and are true, correct and complete in all material respects as of the date made or deemed made thereunder;

c. such other documentation as may be reasonably requested by the Agent after review of the GRO Acquisition Documents;

d. the amount requested to be released from escrow on account of the GRO Acquisition shall not exceed $4,000,000; and

e. the escrow release on account of the BB Acquisition shall have occurred.

(c) In respect of the escrow release anticipated to occur at the time of a deposit towards the purchase price being made in connection with the Winnipeg Property Acquisition:

a. the Agent shall have received on the applicable Escrow Release Date a certificate dated such date, and executed by the chief executive officer or chief financial officer of Mjardin Manitoba Inc. attaching a true and complete copy of the applicable agreement of purchase and sale relating to the Winnipeg Property;

b. such other documentation as may be reasonably requested by the Agent after review of the GRO Acquisition Documents; and

c. the escrow release on account of the BB Acquisition shall have occurred.

Article 5
REPRESENTATIONS AND WARRANTIES OF THE LOAN PARTIES

The Loan Parties hereby jointly and severally represent and warrant to the Agent and Lenders as follows:

5.1. Existence and Power. Each Loan Party and each Subsidiary of a Loan Party(a) is a corporation, limited partnership or limited liability company, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, (b) has all requisite corporate, limited partnership or limited liability company power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently, or is currently proposed to be, engaged; (c) is duly qualified as a foreign entity, as applicable, licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to so qualify would not reasonably be expected to have a Material Adverse Effect; and (d) has the corporate, limited partnership or limited liability company power and authority to execute, deliver and perform its obligations under each Transaction Document to which it is or will be a party and to borrow hereunder. The jurisdictions in which each Loan Party and each Subsidiary of a Loan Party is organized and qualified to do business as of the Closing Date are listed on Schedule 5.1. After the Closing of the Transaction no Loan Party, or Capital Stock of a Loan Party will be subject to a Shareholders' Agreement.

5.2. Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Transaction Document to which it is or will be a party and the consummation of the Transactions: (a) have been duly authorized by all necessary corporate, limited partnership or limited liability company action; (b) do not and will not contravene or violate the terms of the Charter

Documents of any Loan Party or any amendment thereto or any material Requirement of Law applicable to such Loan Party or its assets, business or properties; (c) do not and will not (i) conflict with, contravene, result in any violation or breach of or default under any Material Contractual Obligation of such Loan Party or its Subsidiaries (with or without the giving of notice or the lapse of time or both), (ii) create in any other Person a right or claim of termination or amendment of any material Contractual Obligation of such Loan Party or its Subsidiaries, or (iii) require modification, acceleration or cancellation of any Material Contractual Obligation of such Loan Party or its Subsidiaries, and (d) do not and will not result in the creation of any Lien (or obligation to create a Lien) against any property, asset or business of any Loan Party or any Subsidiary of such Loan Party (other than Permitted Liens).

5.3. Governmental Authorization; Third Party Consents. No approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person in respect of any Requirement of Law or material Contractual Obligation, and no lapse of a waiting period under a Requirement of Law or material Contractual Obligation, is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party or any of its Subsidiaries of the Transaction Documents to which it is a party or the consummation of the Transactions, other than filings to perfect the Liens granted under the Collateral Documents.

5.4. Binding Effect. Each Loan Party has duly executed and delivered the Transaction Documents to which it is a party and such Transaction Documents constitute the legal, valid and binding obligations of such Loan Party enforceable against such Loan Party in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and by general principles of equity.

5.5. No Legal Bar. No Loan Party has previously entered into any material agreement which is currently in effect or to which such Loan Party is currently bound granting any rights to any Person which materially conflict with the rights to be granted by such Loan Party in the Transaction Documents.

5.6. Litigation. There are no legal actions, suits, proceedings, claims or disputes pending or, to the Knowledge of the Borrowers, threatened, at law, in equity, in arbitration or before any Governmental Authority against or affecting any Loan Party or any Subsidiary of a Loan Party that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. There is no injunction, writ, temporary restraining order, decree or any order or determination of any nature by any arbitrator, court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of the Transaction Documents or, to the Knowledge of the Borrowers, which relates to the assets or the business of any Loan Party or its Subsidiaries. There is no litigation, claim, audit, dispute, review, proceeding or investigation currently pending or threatened against any Loan Party or its Subsidiaries for any violation or alleged violation of any Requirements of Law, and no Loan Party nor any Subsidiary of a Loan Party has received written notice of any threat of any suit, action, claim, dispute, investigation, review or other proceeding pursuant to or involving any Requirements of Law.

5.7. Compliance with Laws. Each Loan Party and each Subsidiary of a Loan Party is in compliance with all Requirements of Law, except for such noncompliance that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. To the Knowledge of the Borrowers, there are no pending appeals, adjustments, audits, inquiries, investigations, proceedings,

recoupments or notices of intent to audit or investigate by any Governmental Authority against any Loan Party or any Subsidiary of a Loan Party.

5.8. No Default or Breach. No event has occurred and is continuing or would result from the incurring of Obligations by any Loan Party or its respective Subsidiaries under the Loan Documents which constitutes or, with the giving of notice or lapse of time or both would constitute, an Event of Default. Except as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, no Loan Party nor any Subsidiary of a Loan Party is in default under or with respect to any material Contractual Obligation. To the Knowledge of the Borrowers, except as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, no TwoG Entity is in default under or with respect to any material Contractual Obigation.

5.9. Title to Properties. Except as set forth on Schedule 5.9, each Loan Party and each Subsidiary of a Loan Party has good title to, or a valid leasehold interest in, all material Property used by it in its business, and none of such Property is subject to any Lien, except for Permitted Liens.

5.10. Real Property. Schedule 5.10 sets forth a correct and complete list of all real property owned or leased by each Loan Party and its respective Subsidiaries. Each lease relating to such leased real property is in full force and effect and each Loan Party and each Subsidiary of a Loan Party enjoy peaceful and undisturbed possession thereunder. There is no material default on the part of any Loan Party or any Subsidiary of a Loan Party or any event or condition which (with notice or lapse of time, or both) would constitute a material default under any such lease. Each Loan Party and each Subsidiary of a Loan Party has good and marketable title in fee simple to the real property identified on Schedule 5.10 as owned by such Loan Party or such Subsidiary, free and clear of any Liens other than Permitted Liens. There are no actions, suits or proceedings pending or, to the Knowledge of the Borrowers, threatened against any Loan Party or any Subsidiary of a Loan Party with respect to the owned real property or the leased real property used in connection with the business of any Loan Party or any Subsidiary of a Loan Party, at law or in equity, in arbitration or before any Governmental Authority which would in any way affect title to or the right to use such owned real property or leased real property.

5.11. Taxes.

(a) Each Loan Party and each Subsidiary of a Loan Party has timely filed all Canadian and United States federal, provincial, and state income and other material Tax Returns that it was required to file. All such Tax Returns were correct and complete in all material respects. All Taxes due and payable by any Loan Party or any Subsidiary of a Loan Party (whether or not shown on any Tax Return) have been paid, with the exception of any Taxes being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with GAAP. No Loan Party nor any Subsidiary of a Loan Party is currently the beneficiary of any extension of time within which to file any Tax Return. None of the income Tax Returns of any Loan Party or any Subsidiary of a Loan Party are under audit by the Canada Revenue Agency or any other applicable Governmental Authority and no assessments or threatened assessments in connection with such audit, or otherwise are currently outstanding. No claim has ever been made by a Governmental Authority in a jurisdiction where any Loan Party and its Subsidiaries do not file Tax Returns that such Loan Party or any of its Subsidiaries is or may be subject to taxation by that jurisdiction. There are no Liens other than Permitted Liens on any of the assets of any Loan Party or any Subsidiary of a Loan Party that arose in connection with any failure (or alleged failure) to pay any Tax.

(b) There is no action, suit, proceeding, investigation, examination, audit, or claim now pending or, to the Knowledge of the Borrowers, threatened by any Governmental Authority

regarding any Taxes relating to any Loan Party or any Subsidiary of a Loan Party. No Loan Party nor any Subsidiary of a Loan Party has entered into an agreement or waiver or been requested to enter into an agreement or waiver extending any statute of limitations relating to the payment or collection of Taxes of such Person and, to the Knowledge of the Borrowers, there are no circumstances that would cause the taxable years or other taxable periods of any Loan Party or any Subsidiary of a Loan Party not to be subject to the normally applicable statute of limitations. No Loan Party or any Subsidiary of a Loan Party has incurred, and will not incur, any material Tax liability in connection with the Transactions. Except as described on Schedule 5.11, none of the Loan Parties nor their respective predecessors are liable for any Charges: (a) under any agreement (including any tax sharing agreements or agreement extending the period of assessment of any Charges); or (b) to each Loan Party's knowledge, as a transferee.

5.12. Financial Condition.

(a) The Loan Parties have furnished the Agent with true, correct and complete copies of (i) the audited balance sheets of MJAR Holdings, LLC as of December 31, 2015 and December 31, 2016 and the related statements of income, stockholders' equity and cash flow of MJAR Holdings, LLC, together with the notes thereto, for each Fiscal Year then ended, together with the report of the auditor thereon (collectively, the **"MJAR Financial Statements"**), and (ii) the unaudited consolidated balance sheet of the Loan Parties and their Subsidiaries as of October 31, 2017 and the related consolidated statements of income, stockholders' equity and cash flow, of the Loan Parties and their Subsidiaries for the four-month period then ended (the **"Interim Financial Statements"**, and together with the MJAR Financial Statements, the **"Financial Statements"**). The Financial Statements fairly present, in all material respects, the financial position of the Loan and their Subsidiaries, as of the respective dates thereof, and the results of operations and cash flows thereof, as of the respective dates or for the respective periods set forth therein, all in conformity with GAAP consistently applied during the periods involved. As of the dates of the Financial Statements, neither the Borrowers nor any Subsidiary thereof had any known obligation, indebtedness or liability (whether accrued, absolute, contingent or otherwise, and whether due or to become due), which was not reflected or reserved against in the balance sheets which are part of the Financial Statements, except for those incurred in the ordinary course of business and which are fully reflected on the books of account of the Borrowers or their Subsidiaries, as applicable, or which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.13. Absence of Certain Changes or Events. Since December 31, 2016**,** there has been no development, event, circumstance or change which could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.14. Environmental Matters.

(a) The Property, assets and operations of each Loan Party and each Subsidiary of a Loan Party are and have been in compliance with all applicable Environmental Laws; there are no Hazardous Materials stored or otherwise located in, on or under any of the Property or assets of any Loan Party or any Subsidiary of a Loan Party, including, without limitation, the groundwater, except in material compliance with applicable Environmental Laws; and there have been no Releases or, to the Knowledge of the Borrowers, threatened Releases of Hazardous Materials in, on or under any property adjoining any of the Property or assets of (or used by) any Loan Party or any Subsidiary of a Loan Party which have not been remediated to the satisfaction of the appropriate Governmental Authorities and in material compliance with Environmental Laws.

(b) None of the Property, assets or operations of (or used by) any Loan Party or any Subsidiary of a Loan Party is the subject of any Canadian or United States federal, provincial, state or

local investigation evaluating whether (i) any remedial action is needed to respond to a Release or threatened Release of any Hazardous Materials into the environment or (ii) any Release or threatened Release of any Hazardous Materials into the environment is in contravention of any Environmental Law.

(c) No Loan Party nor any Subsidiary of a Loan Party has received any written notice or claim, nor are there any pending or, to the Knowledge of the Borrowers, threatened or anticipated lawsuits or proceedings against them, with respect to material violations of an Environmental Law or in connection with the presence of or exposure to any Hazardous Materials in the environment or any release or threatened release of any Hazardous Materials into the environment, and neither any Loan Party nor any Subsidiary of a Loan Party is or has been the owner or operator of any property which (i) pursuant to any Environmental Law has been placed on any list of Hazardous Materials disposal sites, including, without limitation, the "National Priorities List" or "CERCLIS List," (ii) has, or had, any subsurface storage tanks located thereon, or (iii) has ever been used as or for a waste disposal facility, a mine, a gasoline service station or a petroleum products storage facility. There are no facts, circumstances or conditions that may result in any Loan Party being identified as a "potentially responsible party" under the EPA or analogous state, federal or provincial laws, in each case, to the extent applicable.

(d) No Loan Party nor any Subsidiary of a Loan Party has any Environmental Liability or other material present or contingent liability in connection with the presence either on or off the Property or assets of, or used by, a Loan Party or any Subsidiary of a Loan Party of any Hazardous Materials in the environment or any release or threatened release of any Hazardous Materials into the environment.

5.15. Investment Company/Government Regulations.

(a) No Loan Party nor any Subsidiary of a Loan Party is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(b) No Loan Party nor any Subsidiary of a Loan Party is subject to regulation under the Public Utility Holding Company Act of 2005, as amended, the Federal Power Act, the Interstate Commerce Act, or any federal or state statute or regulation limiting its ability to incur Indebtedness.

5.16. Subsidiaries. Except as set forth in Schedule 5.16, no Loan Party (a) has any Subsidiaries or (b) owns of record or beneficially, directly or indirectly, any (i) Capital Stock issued by any other Person or (ii) equity, voting or participating interest in any joint venture or other enterprise.

5.17. Capitalization. As of the Closing Date, after giving effect to the transactions contemplated hereby and in the other Transaction Documents, the capitalization of each Loan Party and its respective Subsidiaries is as set forth on Schedule 5.17. All outstanding Capital Stock listed therein has been duly authorized and validly issued and is fully paid and non-assessable and free and clear of all Liens other than Permitted Liens. The issuance of the foregoing Capital Stock is not and has not been subject to preemptive rights in favor of any Person other than such rights that have been waived and will not result in the issuance of any additional Capital Stock of any Loan Party or the triggering of any anti-dilution or similar rights contained in their respective Charter Documents or any options, warrants, debentures or other securities or agreements of any Loan Party or any Subsidiary of a Loan Party. Other than as set out on Schedule 5.17, on the Closing Date, there will be no outstanding securities convertible into or exchangeable for Capital Stock of any Loan Party or any Subsidiary of a Loan Party or options, warrants or other rights to purchase or subscribe for Capital Stock of any Loan Party or any Subsidiary of a Loan Party, or contracts, commitments, agreements, understandings or arrangements of any kind to which any Loan Party or any Subsidiary of a Loan Party is a party relating

to the issuance of any Capital Stock of any Loan Party or any Subsidiary of a Loan Party, or any such convertible or exchangeable securities or any such options, warrants or rights. On the Closing Date no Loan Party nor any Subsidiary of a Loan Party has any obligation, whether mandatory or at the option of any other Person, at any time to redeem or repurchase any Capital Stock of any Loan Party or any Subsidiary of a Loan Party, pursuant to the terms of their respective Charter Documents or otherwise.

5.18. Full Disclosure/Know your Customer. No information contained in any Loan Document, the Financial Statements or any written statement furnished by or on behalf of any Loan Party under any Loan Document or to induce Lenders or the Agent to execute the Loan Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made. There are no material facts relating to any of the Loan Parties which have not been disclosed to Agent or the Lenders. Without limitation to any other term hereof, each Loan Party shall provide Agent with such documentation and other evidence as is determined necessary by Agent in or for it to be satisfied that it has complied and all times will comply with all "know your customer" requirements under all applicable requirements of law (including in connection with any change of laws or requirement or any proposed or actual assignment by Lenders).

5.19. Broker's, Finder's or Similar Fees. Except as set forth on Schedule 5.19, there are no brokerage commissions, finder's fees or similar fees or commissions payable by any Loan Party in connection with the Transactions based on any agreement, arrangement or understanding with any Loan Party or its Subsidiaries or any action taken by any Loan Party or its Subsidiaries.

5.20. Labor Relations. No Loan Party nor any Subsidiary of a Loan Party has committed or is engaged in any unfair labor practice (as defined in the National Labor Relations Act of 1947 and the regulations thereunder, in each case, as amended). There is (a) no material unfair labor practice complaint pending or, to the Knowledge of the Borrowers, threatened against any Loan Party or any Subsidiary of a Loan Party and no material grievance or arbitration proceeding arising out of or under collective bargaining agreements is so pending or, to the Knowledge of the Borrowers, threatened, (b) no strike, labor dispute, slowdown or stoppage pending or, to the Knowledge of the Borrowers, threatened against any Loan Party or any Subsidiary of a Loan Party, (c) no union representation question existing with respect to the employees of any Loan Party or any Subsidiary of a Loan Party, and to the Knowledge of the Borrowers, no union organizing activities are taking place, and (d) no employment contract with any employee of any Loan Party or any Subsidiary of a Loan Party in excess of $300,000 per annum (inclusive of reasonably anticipated bonuses, or other incentives) except as set forth on Schedule 5.20. Each Loan Party and its respective Subsidiaries are in compliance in all material respects with all Canadian or United States federal, state, provincial or other applicable laws respecting employment and employment practices, terms and conditions of employment and wages and hours. No Loan Party nor any Subsidiary of a Loan Party is a party to any collective bargaining agreement and as of the Closing Date, to the knowledge of the Loan Parties, there is no material organizing activity involving any Loan Party by any labour union or group of employees. All payments due from any Loan Party on account of workers' compensation, Canada Pension Plan, Quebec Pension Plan, employee health plans, social security and insurance of every kind and employee income tax source deductions and vacation pay in each case, have been paid in full to date.

5.21. Employee Benefit Plans.

(a) Employee Benefit Plans and Liabilities. Within the five-consecutive-year period immediately preceding the first day of the year in which the Closing Date occurs no Loan Party nor any ERISA Affiliate thereof has contributed to, or has any actual or contingent, direct or indirect, liability in respect of, any employee benefit plan (as

defined in Section 3(3) of ERISA) or other employee benefit arrangement (collectively, the "**US Plans**"), other than those liabilities with respect to such US Plans specifically described on Schedule 5.21. Schedule 5.21 sets forth an accurate list of all Plans. The Loan Parties have delivered to the Agent accurate and complete copies of all of the Plans. At no time during such five year period has any Loan Party or any ERISA Affiliate thereof participated in or contributed to any Multiemployer Plan, nor during such period has any Loan Party or any ERISA Affiliate thereof had an obligation to participate in or contribute to any such Multiemployer Plan. No agreement subject to Section 4204 of ERISA has been entered into in connection with the Transactions. There are no outstanding liabilities of any Loan Party or any ERISA Affiliate thereof to any employee benefit plans previously maintained by any Loan Party or any ERISA Affiliate thereof, and, no Loan Party has any knowledge of any potential liabilities in connection therewith. There are no actions, suits or claims, other than for benefits in the ordinary course, pending or, to the Knowledge of the Borrowers, threatened against the Loan Parties, any ERISA Affiliate thereof or the Plans which might subject any Loan Party or any ERISA Affiliate thereof to any material liability.

(b) US Plan Compliance. Each Loan Party and its Subsidiaries, individually and collectively, are in compliance in all material respects with all reporting, disclosure and registration requirements applicable to it under the Code, ERISA and all US federal and state securities laws, and Department of Labor, Internal Revenue Service and Commission rules and regulations promulgated thereunder, with respect to all of the US Plans, and are not subject to any liability, whether asserted or not, for any penalties to any Governmental Authority for late filing of any return, report or other governmental filing. No civil or criminal action brought pursuant to the provisions of Title I, Subtitle B, Part 5 of ERISA or any other United States federal, state or local law is pending or, to the Knowledge of the Borrowers, threatened against any fiduciary of the US Plans. No US Plan, or any fiduciary thereof, has been, or is currently, the direct or indirect subject of an audit, investigation or examination by any Governmental Authority. All of the Plans comply currently, and have complied at all times (and all former Plans have complied at all times in the past), both as to form and operation, in all material respects, with their terms and with all Requirements of Law applicable thereto. Each of the US Plans maintained by any Loan Party or any ERISA Affiliate thereof that is an "employee benefit pension plan" (within the meaning of Section 3(2)(a) of ERISA) either (i) has obtained a favorable determination (covering all changes or amendments applicable under Requirements of Law) from the Internal Revenue Service as to its qualification under Sections 401(a) and 501(a) of the Code or (ii) is within the remedial amendment period (as provided in Section 401(b) of the Code) for making any required changes or amendments, and nothing has occurred before or after the date of each such determination letter as would adversely affect such qualification. All amounts that are currently owing to Plan participants (including, without limitation, former Plan participants), or contributions required to be made to the Plans have been timely paid or contributed with respect to all periods prior to the Closing Date.

(c) Prohibited Transactions. No US Plan, nor any related trust, nor any Loan Party, nor any Subsidiary, nor any trustee, administrator or other "party in interest" or "disqualified person" (within the meaning of Section 3(14) of ERISA or Section 4975(e)(2) of the Code, respectively) with respect to the US Plans, has engaged in any nonexempt "prohibited transaction" (within the meaning of Section 406 of

ERISA or Section 4975(c) of the Code, respectively) with respect to the participation of any Loan Party or any Subsidiary therein, which could subject any of the US Plans or related trusts, or any trustee, administrator or other fiduciary of any such Plan, or any Loan Party, any Subsidiary or any Lender, or any other party dealing with the US Plans, to the penalties or excise tax imposed on prohibited transactions by Section 502 of ERISA or Section 4975 of the Code.

(d) Miscellaneous. No Loan Party nor any Subsidiary of a Loan Party nor any US Plan provides for or promises retiree, medical, disability or life insurance benefits to any current or former employee, officer or director of any Borrower obligated under any agreement, plan, contract or other arrangements that will result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of section 280G of the Code.

(e) Canadian Plan Compliance: "**Canadian Plan**" shall mean any employee pension benefit plan which Borrower sponsors or maintains or to which it makes or is making or is required to make contributions, that is not a US Plan, and includes any pension or benefit plan regulated by the FSCO or similar authority or otherwise subject to the PBA. Within the five-consecutive-year period immediately preceding the first day of the year in which the Closing Date occurs no Loan Party has contributed to, or has any actual or contingent, direct or indirect, liability in respect of, any Canadian Plan (other than, for greater certainty, Canadian Plans maintained by the Government of Canada or any Government of a Province of Canada to which Borrower is obligated to contribute under any applicable law) other than those liabilities with respect to such Canadian Plans specifically described on Schedule 5.21. Schedule 5.21 sets forth an accurate list of all Canadian Plans. No Canadian Pension Event has occurred or is reasonably expected to occur. The aggregate amount of all normal contributions (as such term is defined for the purpose of the BIA) accruing due but not paid or remitted, all amounts withheld from employees and not paid or remitted and other amounts which might give rise to a Lien giving any priority under the BIA shall never exceed $50,000.

5.22. Patents, Trademarks, Etc. Each Loan Party, and their Subsidiaries owns and/or has the right to use all Intellectual Property material to the conduct of its business (collectively, "**Rights**") without any material conflict with or infringement of the Intellectual Property of others. Schedule 5.22 sets forth a complete list of the Intellectual Property of the Loan Parties, including without limitation licenses or contractual obligations relating to such Intellectual Property. No Loan Party, nor any Subsidiary of a Loan Party has any obligation to pay any royalty with respect to the Rights. No claims have been asserted by any Person with respect to the use by any Loan Party, or any Subsidiary of a Loan Party of any such Rights or challenging or questioning the validity or effectiveness of any license or agreement held by any Loan Party or any Subsidiary of a Loan Party or to which it is a party relating to any such Rights. The conduct of the business of each Loan Party and each Subsidiary of a Loan Party as conducted and as proposed to be conducted does not and will not, in any material respect, conflict with the rights of others in or to any Intellectual Property, and no Loan Party nor any Subsidiary of a Loan Party has received any written communication alleging any such violation. To the Knowledge of the Borrowers, no third party is infringing or violating any of the Intellectual Property of any Loan Party or their respective Subsidiaries. To the Knowledge of the Borrowers, no person employed by or affiliated with any Loan Party or any Subsidiary of a Loan Party has violated any confidential relationship that such person may have had with any third party, in connection with the development or sale of any product or service or proposed product or service of any Loan Party or any Subsidiary of a Loan Party.

5.23. Potential Conflicts of Interest. Except as set forth on Schedule 5.23, no officer, director or manager (or equivalent Person) or member, stockholder or other holder of Capital Stock of any Loan Party or any Subsidiary of a Loan Party: (a) is an officer, director, manager, employee or consultant of, any Person that is, or is engaged in business as, a competitor, lessor, lessee, supplier, distributor, sales agent or customer of, or lender to or borrower from, any Loan Party or any Subsidiary of a Loan Party; (b) has been a party to any material transaction with Loan Party or their respective Subsidiaries; (c) owns, directly or indirectly, in whole or in part, any material tangible or intangible property that any Loan Party or any Subsidiary of a Loan Party use or contemplate using in the conduct of business; or (d) has any material cause of action or other material claim whatsoever against, or owes or has advanced any amount to any Loan Party or any Subsidiary of a Loan Party, except for advances in the ordinary course of business such as for accrued vacation pay, accrued benefits under employee benefit plans and customary expense reimbursements existing on the Closing Date.

5.24. Trade Relations. To the Knowledge of the Borrowers, there exists no present condition or state of facts or circumstances that could reasonably be expected to have a Material Adverse Effect or prevent any Loan Party or any Subsidiary of a Loan Party from conducting their business after the consummation of the Transactions, in substantially the same manner in which such business has heretofore been conducted.

5.25. Indebtedness. Schedule 5.25 lists (a) the amount of all Indebtedness for borrowed money of each Loan Party and its respective Subsidiaries (other than Indebtedness under this Agreement) as of the Closing Date, (b) the Liens that relate to such Indebtedness and that encumber the assets of any Loan Party and its respective Subsidiaries, (c) the name of each lender thereof, and (d) the amount of any unfunded commitments, if any, available to any Loan Party and its respective Subsidiaries in connection with any such Indebtedness facilities.

5.26. Material Contracts. Schedule 5.26 lists all written contracts, agreements, commitments and other Contractual Obligations of each Loan Party and its respective Subsidiaries as of the Closing Date (other than the Transaction Documents, purchase orders in the ordinary course of business and other Contractual Obligations that do not extend beyond one year and involve the receipt or payment of not more than US$120,000), and specifically lists and identifies all Economic Flow Agreements. Except as set forth on Schedule 5.26, each of the contracts, agreements, commitments and other Contractual Obligations of each Loan Party and its respective Subsidiaries required to be set forth on Schedule 5.26 is in full force and effect. Except as set forth on Schedule 5.26, each Loan Party and each of its Subsidiaries has satisfied in full or provided for all of its liabilities and obligations under each material Contractual Obligation requiring performance prior to the date hereof in all material respects, and is not in default under any of them, nor does any condition exist that with notice or lapse of time or both would constitute such a default. To the Knowledge of the Borrowers, no other party to any such material Contractual Obligation is in default thereunder, nor does any condition exist that with notice or lapse of time or both would constitute such a default. No approval or consent of any Person is needed for any material Contractual Obligation of any Loan Party or any Subsidiary of a Loan Party to continue to be in full force and effect after giving effect to the Transactions. The Agent has been provided with true and completed copies of all Economic Flow Agreements.

5.27. Insurance. Schedule 5.27 accurately summarizes all of the insurance policies or programs of each Loan Party and its respective Subsidiaries as of the date hereof. All such policies are in full force and effect, are underwritten by reputable insurers, are sufficient for all applicable Requirements of Law and otherwise are in compliance with the criteria set forth in Section 6.6 hereof. All such policies will remain in full force and effect and will not terminate or lapse by reason of any of the Transactions.

5.28. Solvency. Each Loan Party and its Subsidiaries, individually and taken as a whole, are and will be Solvent.

5.29. Licenses and Approvals. Each Loan Party and its Subsidiaries holds all material Licenses that are required by any Governmental Authority to permit it to conduct and operate any Loan Party's or their respective Subsidiaries' business as now conducted, and all such Licenses are valid and in full force and effect and will remain in full force and effect upon consummation of the transactions contemplated by this Agreement and the other Transaction Documents. All such licenses are listed on Schedule 5.29 hereto. Each Loan Party and each Subsidiary of a Loan Party is in compliance in all material respects with all Licenses. No Loan Party nor any Subsidiary of a Loan Party is a party to and, to the Knowledge of the Borrowers, there is not, any investigation, notice of apparent liability, violation, forfeiture or other order or complaint issued by or before any Governmental Authority or any other proceedings which could in any manner threaten or adversely affect the validity or continued effectiveness of such Licenses of any Loan Party or any Subsidiary of a Loan Party, or give rise to any order of forfeiture. There is no pending threat of cancellation, loss, termination, modification or nonrenewal of any such Licenses of any Loan Party or any Subsidiary of a Loan Party, nor any valid basis for such cancellation, loss, termination, modification or nonrenewal. The Loan Parties have no reason to believe that such Licenses will not be renewed in the ordinary course, or that such renewed Licenses would be materially different than the corresponding existing License. Each Loan Party and each Subsidiary of a Loan Party has filed in a timely manner all material reports, applications, documents, instruments and information required to be filed pursuant to applicable rules and regulations or requests of every regulatory body having jurisdiction over any of its Licenses.

5.30. Change of Control and Similar Payments. Except as set forth on Schedule 5.30, neither the execution, delivery and performance by the Loan Parties and their respective Subsidiaries of this Agreement, nor the execution, delivery and performance by any Loan Party or any Subsidiary of a Loan Party of any of the other Transaction Documents, nor the consummation of the transactions contemplated hereby shall require any payment by any Loan Party or any Subsidiary of a Loan Party, in cash or kind, under any other agreement, plan, policy, commitment or other arrangement, other than as set forth on Schedule 5.19. There are no agreements, plans, policies, commitments or other arrangements with respect to any compensation, benefits or consideration which will be materially increased, or the vesting of benefits of which will be materially accelerated, as a result of this Agreement or the other Transaction Documents or the occurrence of any of the transactions contemplated hereby or thereby.

5.31. OFAC.

(a) No Loan Party nor any Subsidiary of a Loan Party or any Affiliate of the foregoing: (i) is a Sanctioned Person, (ii) has any assets in Sanctioned Entities, or (iii) derives any operating income from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. The proceeds of the Loans will not be used and have not been used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity.

(b) Each Loan Party and each Subsidiary of a Loan Party is in compliance, in all material respects, with the Patriot Act, the *Criminal Code* (Canada), and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada). No part of the proceeds of any Loan will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a 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 the United States Foreign Corrupt Practices Act of 1977, the *Criminal Code* (Canada), or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), in each case as amended.

5.32. Disclosure.

(a) Agreement and Other Documents. This Agreement, together with all exhibits and schedules hereto, the other Loan Documents, and the agreements, certificates and other documents furnished to the Lenders or the Agent by any Loan Party in connection with the Loan Documents, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein, in the light of the circumstances under which they were made, not misleading, provided, that to the extent any such exhibit, schedule, agreement, certificate or other document was based solely upon or constitutes a forecast or projection (including, without limitation, the projections required to be delivered pursuant to Section 4.2 and Section 6.1), each Loan Party represents only that it acted in good faith and utilized reasonable assumptions and accounting policies that are consistent with historical reporting practices in the preparation of such exhibit, schedule, agreement, certificate or other document, it being understood by the Agent and the Lenders that actual results may vary from such forecasts and that such variations may be material.

(b) Material Adverse Effect. To the Knowledge of the Borrowers, there is no fact which the Loan Parties have not disclosed to the Agent or the Lenders in writing which could reasonably be expected to have a Material Adverse Effect.

(c) Locations/Factual Matters. The location of each Loan Party's chief executive office, corporate offices, and other locations of Collateral and locations where records with respect to Collateral are kept (including in each case the county of such locations) are as set forth in Schedule 5.32 and, except as set forth in such Schedule, such locations have not changed during the preceding twelve (12) months. As of the Closing Date, during the prior five years, except as set forth in Schedule 5.32, no Loan Party has been known as or conducted business in any other name (including trade or business names).

5.33. Representations Concerning TwoG Entities and Economic Flow Agreements

(a) All of the representations given in Sections 5.1, 5.6, 5.7, 5.9, 5.10, 5.11, 5.14, 5.20, 5.21, 5.23, 5.24, 5.25, 5.28, 5.29, and 5.31 in respect of a Loan Party would, to the Knowledge of the Borrowers, also be true if given in respect of each of the TwoG Entities. The Schedules to this Agreement reflect any information pertaining to the TwoG Entities that would need to be disclosed in such Schedules to make the previous sentence true and complete. For the purposes of this Section 5.33(a), Knowledge of the Borrowers means the actual knowledge of the Borrowers (if any) and does not imply a duty to inquire as to facts or circumstances concerning the TwoG Entities. With respect to any Schedules to this Agreement relating to the TwoG Entities, the same reflect information to the Knowledge of the Borrowers only (if any).

(b) All of the TwoG PNotes, and other Economic Flow Agreements are described on Schedule 5.33. As at the Closing Date, no default is continuing in respect of the TwoG PNotes or any other Economic Flow Agreements.

Article 6
AFFIRMATIVE COVENANTS

Until the indefeasible payment in full in cash of all Obligations or such later date as set forth below, each Loan Party hereby jointly and severally covenants and agrees with the Agent and the Lenders that each Loan Party will, and will cause each of its Subsidiaries to:

6.1. Delivery of Financial and Other Information. Maintain a system of accounting established and administered in accordance with GAAP (including reflecting in its financial statements adequate accruals and appropriations to reserves). In addition, so long as any Loan remains outstanding, Parent shall deliver or cause to be delivered to the Agent the following:

(a) Within 120 days after the close of each Fiscal Year commencing with the Fiscal Year ending December 31, 2017, an unqualified audit report certified by independent certified public accountants selected by Parent and acceptable to the Agent, prepared in accordance with GAAP, including (i) consolidated balance sheets of the Loan Parties and their respective Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income, retained earnings and cash flows for such Fiscal Year, (ii) copies of any management letter prepared by said accountants to be delivered separately, and (iii) a management summary prepared by the chief executive officer or chief financial officer of Parent (which management summary should not customarily exceed two type-written pages in length) setting forth in narrative form all significant operational and financial events and activities affecting each Loan Party and its respective Subsidiaries during such Fiscal Year.

(b) Within 45 days following each fiscal quarter-end, an unaudited consolidated balance sheet of the Loan Parties and their respective Subsidiaries and the related consolidated statements of income, retained earnings and cash flows for such quarter and for the portion of the Loan Parties' Fiscal Year ended at the end of such month, prepared in accordance with GAAP and setting forth, each case in comparative form, the actual figures for the corresponding quarter and the corresponding portion of the Loan Parties' previous Fiscal Year (as applicable). For Fiscal 2018 quarters and forward, consolidated statements of income, retained earnings and cash flows shall be presented in an actual-to-budget comparative format in relation to the applicable Fiscal 2018 and forward annual budget described in Section 6.1(h) hereof and shall be certified by the chief executive officer or chief financial officer of Parent as fairly presenting, in all material respects, the financial position of each Loan Party and its respective Subsidiaries, as of the respective dates thereof, and the results of operations and cash flows thereof, as of the respective dates or for the respective periods set forth therein and accompanied by a management summary prepared by the chief executive officer or chief financial officer of Parent (which management summary should not customarily exceed two type-written pages in length) setting forth in narrative form all significant operational and financial events and activities affecting any Loan Party and or any Subsidiary of a Loan Party during such quarter.

(c) Promptly upon receipt thereof or the request of the Agent, and in any event no less frequently than monthly, bank statements in respect of each of the Loan Parties showing (on an itemized basis) all transactions in respect of all bank accounts of the Loan Parties.

(d) Within thirty (30) days following the end of each calendar month, and for each Loan Party, the aged accounts payable listing by creditor, and its aged accounts receivable listing by account debtor accompanied by supporting detail and documentation as the Agent may request;

(e) Together with the financial statements required under Section 6.1(a) and, with respect to financial statements for the last month in each Fiscal Quarter, Section 6.1(b), a compliance certificate (in a form reasonably acceptable to the Agent) (each, a "**Compliance Certificate**") signed by the chief executive officer or chief financial officer of Parent stating whether there exists on the date of such certificate any Default or Event of Default and, if any Default or Event of Default then exists, setting forth the details thereof and the action which any Loan Party is taking or proposes to take with respect thereto.

(f) Promptly upon receipt thereof, any reports (including, without limitation, any management letters and/or reports) submitted to any Loan Party or any Subsidiary of a Loan Party (other

than reports previously delivered pursuant to Sections 6.1(a) and 6.1(b) above) by independent accountants in connection with any annual, interim or special audit made by them of the books of such Loan Party or such Subsidiary.

(g) Promptly upon receipt or transmission thereof, and in any event no later than 10 days after the date of such receipt or transmission, copies of all communications to and from Governmental Authorities regarding notice of material enforcement proceedings, investigations, complaints, inspections and related matters addressed to any Loan Party or any Subsidiary of a Loan Party.

(h) As soon as available, but in any event prior to the commencement of each Fiscal Year and any material revision thereto, a business plan in respect of such Fiscal Year which shall include consolidated capital and operating expense budgets, projections of sources and applications of funds, balance sheets and profit and loss projections, all for each Fiscal Quarter of the applicable Fiscal Year, all itemized in detail (including itemization of provisions for officers' compensation), together with any material revisions thereto.

(i) Promptly after filing, copies of the annual Canadian and United States federal and state income Tax Returns of each Loan Party and its respective Subsidiaries for the immediately preceding year and, if requested by the Agent, copies of all reports filed with any Canadian or United States federal, state or local Governmental Authority.

(j) Promptly upon receipt by any Loan Party or any Subsidiary of a Loan Party, a copy of any written notice of any default given to any such Person by any creditor or lessor to whom any Loan Party or any Subsidiary of a Loan Party has material debt or other obligations.

(k) Promptly upon obtaining knowledge thereof, written notice of any litigation commenced or threatened against any Loan Party or any Subsidiary of a Loan Party, which litigation relates to an amount in excess of $100,000, and copies of any pleadings associated therewith.

(l) Promptly upon obtaining knowledge thereof, written notice of any proposed amendment to any License held by any Loan Party or any Subsidiary of a Loan Party, or revocation or reduction of any such License, or information concerning the renewal of any License of any Loan Party (including, without limitation, information that a License may not be renewed, or that any renewed license will be different than any existing License) and copies of any written materials and all other details associated therewith. In addition the Loan Parties shall promptly deliver any update to Schedule 5.29 that is required to ensure that such schedule remains true, correct and complete at all times, as if the representations given in Schedule 5.29 were given at such time.

(m) Such other information (including non-financial information) as the Agent or any Lender may from time to time request, acting reasonably.

6.2. Use of Proceeds.

(a) The Borrowers shall use the proceeds of the Loans only as follows: (i) to finance the Permitted Acquisitions except in the case of the acquisition of the Winnipeg Property, where the proceeds of the Loans many only be used to finance a deposit toward the acquisition of the Winnipeg Property in an amount not to exceed $1,500,000 (ii) the payment of fees and expenses incurred in connection with the Transactions contemplated to be consummated on the Closing Date and (iii) for general working capital requirements of the Loan Parties.

(b) No Borrower shall use any proceeds of any Loans hereunder to, directly or indirectly, purchase or carry any "margin stock" (as defined in Regulation U) or to extend credit to others for the purpose of purchasing or carrying any "margin stock" in violation of the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

6.3. Notice of Default or Material Adverse Effect. Give prompt notice in writing to the Agent upon becoming aware of the following: (a) the occurrence of any Default or Event of Default under this Agreement (such notice to specify the nature and period of existence thereof and what action any Loan Party is taking (and proposes to take) with respect thereto), (b) the occurrence of any event which constitutes or which with the passage of time or giving of notice or both would constitute a default under any Contractual Obligation which would reasonably be expected to have a Material Adverse Effect and (c) any development or other information outside the ordinary course of business of any Loan Party or any Subsidiary of a Loan Party which would reasonably be expected to have a Material Adverse Effect.

6.4. Conduct of Business. Carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as it is presently conducted or those reasonably related or ancillary thereto and do all things necessary to remain duly incorporated or organized, validly existing and in good standing as a domestic corporation, limited partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted except to the extent the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

6.5. Taxes and Claims.

(a) Timely file complete and correct Canadian federal, provincial and municipal and United States federal and state income and applicable material foreign, state, provincial and local Tax Returns required by law and pay when due all Taxes, assessments and governmental charges and levies upon it or its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with GAAP, which deferment of payment is permissible so long as no Lien other than a Permitted Lien has been entered and the Loan Parties' and their respective Subsidiaries' title to, and its/their right to use, its/their Properties are not materially adversely affected thereby;

(b) Pay all claims or demands of materialmen, mechanics, carriers, warehousemen, landlords and other Persons, entitled to the benefit of statutory or common law Liens which, in any case, if unpaid, would result in the imposition of a Lien upon its Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside in accordance with GAAP; and

(c) Pay and perform (i) all Obligations under this Agreement and the other Loan Documents and (ii) all other Indebtedness, obligations and liabilities in accordance with their respective terms; provided, that a Loan Party or Subsidiary of a Loan Party may contest any item described in clause (ii) above in good faith so long as adequate reserves are maintained with respect thereto in accordance with GAAP.

6.6. Insurance.

(a) Maintain with reputable insurance companies insurance in such amounts and covering such risks as is consistent with sound business practice, including, without limitation, property

and casualty insurance on all of its Property, general liability insurance, workers compensation insurance, business interruption insurance, and directors and officers liability insurance and maintain such insurance as is required by the terms of any Collateral Document. All such property and general liability insurance policies shall contain the provision that the Agent be given 30 days' written notice of intent to terminate by either the applicable Loan Party or any of its Subsidiaries or insuring company, and shall name Agent as lenders loss payee and a party insured thereunder. Each Loan Party will, and will cause each of its Subsidiaries to, furnish to the Agent upon request full information as to the insurance carried by it.

(b) Keep its Property which is subject to the Lien of any Collateral Document insured in favor of the Lenders, and will deliver to Agent all policies or certificates (or certified copies thereof) with respect to such insurance. At or prior to the Closing Date, each Loan Party shall furnish certificates of insurance with respect to property and liability insurance for such Loan Party and each Subsidiary of such Loan Party. Each Loan Party will, and will cause each of its Subsidiaries to, notify the Agent, promptly, upon receipt of a notice of termination, cancellation, or non-renewal from its insurance company of any such policy.

(c) If any Loan Party or any of its Subsidiaries shall fail to maintain all insurance in accordance with this Section 6.6 or to timely pay or cause to be paid the premium(s) on any such insurance, or if any Loan Party shall fail to deliver all certificates with respect thereto, the Agent or the Lenders shall have the right (but shall be under no obligation), upon prior notice to such Loan Party, to procure such insurance or pay such premiums, and each Loan Party agrees to reimburse the Agent and the Lenders, on demand, for all costs and expenses relating thereto.

6.7. Compliance with Laws and Material Agreements. Comply with any and all Requirements of Law to which it may be subject including, without limitation, all Environmental Laws and all applicable statutes, and obtain any and all Licenses necessary to the ownership of its Property or to the conduct of its businesses, except, in each case, where failure to do so could not reasonably be expected to have a Material Adverse Effect. Each Loan Party will, and will cause each of its Subsidiaries to, timely satisfy all material assessments, fines, costs and penalties imposed by any Governmental Authority against such Person or any Property of such Person. Each Loan Party will, and will cause each of its Subsidiaries to, comply with any and all agreements or instruments evidencing Indebtedness and any other material agreement to which it is a party or by which it is bound, where such default would result in a Material Adverse Effect. No Loan Party will amend any Economic Flow Agreement without the prior written consent of the Agent, which consent shall not be unduly delayed or unreasonably withheld. For greater certainty, all Economic Flow Agreements are considered material to the creditworthiness of the Loan and the review of the Economic Flow Agreements was fundamental to the decision of the Lenders to make and continue to make the Loans available to the Borrowers.

6.8. Maintenance of Properties. Do all things necessary to maintain, preserve, protect and keep its Property (other than Property that is obsolete, surplus, or no longer used or useful in the ordinary conduct of its business) in good repair, working order and condition (ordinary wear and tear and casualty and condemnation excepted), make all necessary and proper repairs, renewals and replacements such that its business can be carried on in connection therewith and be properly conducted at all times and pay and discharge when due the cost of repairs and maintenance to its Property, and pay all rentals when due for all real estate leased by such Person.

6.9. Audits and Inspection. Permit any of the representatives of the Agent to visit and inspect any of its Property, books of account, records and reports to examine, audit and make copies thereof, and to discuss its affairs, finances and accounts with, and to be advised as to the same by, its officers, managers, employees and independent certified public accountants at such times and intervals

as the Agent may designate upon advance notice to such Loan Party; provided that: (i) unless an Event of Default shall have occurred and be continuing, no more than two (2) inspections or visits in the aggregate shall occur in any calendar year, and (ii) following the occurrence and during the continuance of an Event of Default, no advance notice shall be required. All reasonable costs and expenses associated with such activities, including the Agent or any Lender's out-of-pocket expenses, shall be jointly and severally paid by the US Borrowers.

6.10. Grant of License to Use Intellectual Property Collateral. Each Loan Party executing this Agreement hereby grants to Agent an irrevocable, non-exclusive license (which license shall exercisable only upon the occurrence and during the continuance of an Event of Default), without payment of royalty or other compensation to any Loan Party, to use, transfer, license or sublicense any Intellectual Property now owned, licensed to, or hereafter acquired by such Loan Parties, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof, and represents, promises and agrees that any such license or sublicense is not and will not be in conflict with the contractual or commercial rights of any third Person; provided, that such license will terminate upon indefeasible payment in full of all Obligations and termination of this Agreement.

6.11. Employee Benefit Plans.

(a) Keep in full force and effect any and all Canadian Plans and US Plans which are presently in existence or may, from time to time, come into existence under ERISA or otherwise and not withdraw from any such Plans, unless such withdrawal can be effected or such Plans can be terminated without liability to any Loan Party or any Subsidiary of a Loan Party;

(b) Make contributions to all such Plans in a timely manner and in a sufficient amount to comply in all material respects with the standards of applicable law (including ERISA), including, without limitation, in respect of US Plans the minimum funding standards of ERISA;

(c) Comply in all material respects with all requirements of ERISA;

(d) Notify the Agent promptly upon receipt by any Loan Party or any Subsidiary of a Loan Party of any notice concerning the imposition of any withdrawal liability or of the institution of any proceeding or other action which may result in the termination of any such Plans or the appointment of a trustee to administer such Plans;

(e) Promptly advise the Agent of the occurrence of any Canadian Pension Event, Reportable Event or prohibited transaction (as defined in ERISA) with respect to any Plans; and

(f) Amend any US Plan that is intended to be qualified within the meaning of Section 401 of the Code to the extent necessary to keep the US Plan qualified and to cause the US Plan to be administered and operated in a manner that does not cause the US Plan to lose its qualified status.

6.12. Environmental Covenants.

(a) Use and operate all of its facilities and Properties in material compliance with all Environmental Laws, keep all necessary Licenses in effect and remain in material compliance therewith, and handle all Hazardous Materials in material compliance with all applicable Environmental Laws;

(b) Promptly notify the Agent and provide copies upon having knowledge of any Environmental Liability of any Loan Party (including any contingent or threatened liabilities) or upon receipt of all written claims or complaints relating to any compliance of the Properties with Environmental Laws, and shall promptly cure and have dismissed with prejudice any such actions and proceedings to the satisfaction of the Agent;

(c) notify Agent in writing within fourteen (14) Business Days if and when it becomes aware of any Release, on, at, in, under, above, to, from or about any of the Properties;

(d) Provide such information and certifications which the Agent may reasonably request from time to time to ensure compliance with this Section 6.12; provided that there shall be no requirement for any Loan Party to incur any material fees or expenses in providing any such information or certification.

6.13. Website Links. Permit the Agent to place on its website a link to each Loan Party's and each of its Subsidiaries' websites.

6.14. Further Assurances. Take any action requested by the Agent in order to effectuate the purposes and terms contained in this Agreement or any of the Loan Documents.

6.15. Blocked Accounts/DACAs. Commencing on the Closing Date all monies (which term when used in this Agreement includes all cheques, bills of exchange and other payment instruments as well as cash) received by the Loan Parties, including, but not limited to, any receipts in payment of any accounts or in respect of any insurance proceeds, whether or not a notice and direction has been sent to the Loan Parties' account debtors, shall be immediately deposited by it on a daily basis in one or more blocked accounts set up for this purpose and listed in Schedule 6.15 hereto (collectively, the "**Blocked Accounts**"). The Loan Parties shall execute and deliver to Agent, a form of blocked account agreement or deposit account control agreement acceptable to the Agent (each a "**Blocked Accounts Agreement**"), which provided for control or a block of the accounts relating thereto, the receipt of which is a condition precedent to any accommodation of credit hereunder. Upon the request of the Agent, each Loan Party shall forward to the Agent, on a monthly basis, evidence of the deposit of all items of payment received by such Loan Party into the Blocked Accounts. The Loan Parties will not have any bank accounts, other than those listed on Schedule 6.15, and shall maintain such accounts (and not permit such accounts to be closed), and shall not have any other bank accounts other than those listed on Schedule 6.15 without the prior written consent of the Agent.

6.16. Board Observer. Parent shall hold regular meetings of its board of directors (or equivalent governing body) at least once per Fiscal Quarter. Agent shall be entitled to designate one (1) observer to the board of directors (or equivalent governing body) of Parent, and any committee thereof, which observer shall receive (at the same time and in the same manner provided to the directors) notice of and copies of all materials provided to directors in connection with, and shall be entitled to attend and participate in, at the Borrower's expense as provided for below, all meetings of the board of directors (or equivalent governing body) of Parent and any committee thereof, except to the extent delivery of such materials in the reasonable good faith judgment of the board of directors (or equivalent governing body) of Parent is not appropriate to be delivered to such observer in order to preserve an attorney-client privilege. The Agent shall also be entitled to bring one other guest to any such meetings to the extent such guest is required to assist the observer in carrying out his/her duties for and on behalf of the Agent in respect of the meeting. Such observer shall also receive (at the same time and in the same manner provided to the directors) notice of and copies of all materials provided to the directors in connection with any actions to be taken by written consent of the board of directors (or equivalent governing body) of Parent and any committee thereof. The Borrowers shall reimburse the Agent for all

reasonable expenses (including all travel, meal and lodging expenses) incurred by its observer (and any such additional guest) in connection with attending any meetings described above. The provisions of this Section 6.16 shall remain in effect so long as any Loan held by the any Lender remains outstanding.

6.17. Intellectual Property. Notwithstanding any other provision of this Agreement, no Loan Party may sell or license any Intellectual Property owned by it without the prior written consent of the Agent; provided that any Loan Party may sell or license any Intellectual Property to any other Loan Party. Each Loan Party will maintain the patenting and registration of all Intellectual Property owned by it with the appropriate Governmental Authority and each Loan Party will promptly apply to patent or register, as the case may be, all new Intellectual Property developed by it and notify Agent in writing five (5) Business Days prior to filing any such new patent or registration.

6.18. Post-Closing Covenants. Diligently pursue and cause to be done or delivered to the Lenders or the Agent, as the case may be, the following actions or items within the respective time periods set forth:

(a) [TBD]

6.19. Affirmative Covenant Disclosure concerning TwoG Entities.

In the event that, to the Knowledge of the Borrower, any covenants of the Loan Parties provided in Sections 6.4, 6.5, 6.6, 6.7, 6.8, 6.11, or 6.12 would be breached if such covenants applied to any TwoG entity, the Loan Parties shall, immediately upon obtaining such knowledge give notice to the Agent of the same, setting out the nature of such breach and promptly responding to any follow-up information requests from the Agent concerning the same. The Loan Parties shall promptly provide notice to the Agent of the occurrence of any material default or breach in respect of any TwoG PNote, or any other Economic Flow Agreement or any material notice provided to any Loan Party by any TwoG Entity as required by the TwoG PNotes, or other Economic Flow Agreement and shall use any repayment of principal in respect of any TwoG PNote to promptly repay the Loans unless otherwise agreed to by the Agent in writing.

For the purposes of this Section 6.19, Knowledge of the Borrowers means the actual knowledge of the Borrowers (if any) and does not imply a duty to inquire as to facts or circumstances concerning the TwoG Entities. With respect to any Schedules to this Agreement relating to the TwoG Entities, the same reflect information to the Knowledge of the Borrowers only (if any).

Article 7
NEGATIVE COVENANTS

Until the indefeasible payment in full in cash of all Obligations or such later date as set forth below, the Loan Parties hereby jointly and severally covenant and agree with the Agent and the Lenders that no Loan Party will, or will cause or permit any of its Subsidiaries to:

7.1. Distributions. Make or declare or incur any liability to make any Distributions in respect of the Capital Stock of such Loan Party, except that:

(a) a Subsidiary of a Borrower (other than Parent) may declare and pay dividends on its outstanding Capital Stock to a Borrower (other than Parent) or to a Wholly-owned Subsidiary of a Borrower that is a Loan Party;

(b) so long as there exists no Default or Event of Default (both before and after taking into account the proposed Distribution) a Loan Party may: (i) repurchase Option Plan Units held by an employee, director, officer or consultant of such Loan Party or its Subsidiaries upon the death, disability or cessation of employment of such Person, provided, that such purchase or redemption is pursuant to the Charter Documents of such Loan Party or an equity compensation plan or agreement approved by the board of directors (or equivalent governing body) of such Loan Party and the aggregate amount payable by all Loan Parties for such purchases and redemptions shall not exceed $100,000 during any Fiscal Year; and (ii) make Distributions under the Debentures provided that any cash Distributions shall only be made with the prior consent of the Agent (which consent shall not be unreasonably withheld or delayed);

(c) the Borrowers (other than Parent) may make distributions to permit (i) any Loan Party to repurchase Option Plan Units to the extent permitted in Section 7.1(b) and (ii) Parent to pay reasonable costs, fees, or expenses incurred in connection with its activities as a holding company to the extent permitted in Section 7.21 in an amount not to exceed $50,000 during any Fiscal Year; and

(d) the Parent may make a distribution in respect of the Mjardin Holdings Operating Agreement in respect of tax payments to its members, provided such payments are calculated based on a percentage of pre-tax net income allocated to members of Parent (not to exceed 40% without the prior written consent of the Agent).

7.2. Indebtedness. Incur or suffer to exist any Indebtedness (directly or indirectly), except:

(a) the Obligations;

(b) Capital Lease Obligations and purchase money Indebtedness in an aggregate amount not to exceed US$750,000;

(c) Indebtedness incurred as a result of endorsement of items for deposit received in the ordinary course of business;

(d) Indebtedness owed to any Person providing property, casualty, liability, or other insurance to any Borrower or any of its Subsidiaries, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year;

(e) Indebtedness owing among a Loan Party and its Subsidiaries that constitute Investments permitted by Section 7.5(b), to the extent no foreign withholding taxes would be payable in connection therewith;

(f) Indebtedness in respect of bid, performance or surety bonds, workers' compensation claims, self-insurance obligations and bankers' acceptances issued for the account of any Borrower or any Subsidiary in the ordinary course of business, including guarantees or obligations of any Borrower or any Subsidiary with respect to letters of credit supporting such bid, performance or surety bonds, workers' compensation claims, self-insurance obligations and bankers' acceptances (in each case other than for an obligation for money borrowed); provided, that no Loan Party that is organized under the laws of any state of the United States or the District of Columbia shall incur such Indebtedness for the account of, for the benefit of, or in support of any Non-US Subsidiary;

(g) Indebtedness arising under or in connection with the Debentures;

(h) Indebtedness existing as of the Closing Date and set out in Schedule 7.2 hereto;

(i) unsecured Indebtedness between the Loan Parties;

(j) any Indebtedness of any Loan Party in favour of financial institutions in respect of overdrafts and other ordinary course liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds;

(k) Acquired Indebtedness not in excess of US$750,000 in the aggregate; and

(l) any other Indebtedness that does not fall within the above of this Section 7.2 in an aggregate principal amount not exceeding $150,000 at any time outstanding; provided that, such Indebtedness is unsecured or is secured by a Lien that ranks subordinate to the Liens securing the Obligations pursuant to an agreement in form and substance satisfactory to the Agent, acting reasonably.

7.3. Mergers. Merge or consolidate with or into any other Person, except (a) a Subsidiary that is not a Loan Party may merge or consolidate into another Subsidiary that is not a Loan Party, and (b) a Loan Party may merge or consolidate into another Loan Party, provided, that (i) any Loan Party may merge or consolidate with any other Loan Party, and (ii) for greater certainty, any Loan Party may merge or consolidate into any other Loan Party in connection with any Initial Public Offering.

7.4. Sales of Assets. Sell, assign, license, lease, convey, exchange, transfer or otherwise dispose of its Property (each, a "**Disposition**") (including, without limitation, any Capital Stock of any Subsidiary owned directly or indirectly by a Loan Party) to any other Person, except:

(a) sales of Inventory in the ordinary course of business;

(b) sales of obsolete, worn-out or surplus assets (but not Intellectual Property) no longer used or usable in the business of each Borrower or any of its Subsidiaries;

(c) leases, subleases, nonexclusive licenses or nonexclusive sublicenses of real or personal property in the ordinary course of business, in each case subject to the Liens granted under the Loan Documents;

(d) Dispositions of Property in connection with mergers or consolidations permitted pursuant to Section 7.3;

(e) sales, settlements and write-offs of accounts receivable in connection with the collection or compromise thereof in the ordinary course of business;

(f) Dispositions of Property (other than Intellectual Property) in the ordinary course of business to the extent that (i) such Property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are promptly applied to the purchase price of such replacement property and, in each case, so long as Agent has a Lien with respect to such replacement property with the same priority as the Lien of Agent with respect to the Property disposed of;

(g) subject to Section 3.2(d)(ii), Dispositions which constitute, or which are subject to, a casualty event; and

(h) any Disposition of the E. 48th Property provided that, prior to such Disposition, Parent discusses with Agent how the proceeds of such Disposition are to be applied, and provided that

such proceeds are applied in the agreed upon manner promptly upon receipt thereof (including, if required by the Agent, immediately applying such proceeds, or a portion thereof to partially repay the Loans).

7.5. Investments and Acquisitions. Make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or commitments therefor, or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except for:

(a) Cash Equivalent Investments;

(b) Investments in Wholly-owned Subsidiaries that are party to this Loan Agreement as Loan Parties;

(c) Investments comprised of (i) accounts receivable owing to such Borrower or Subsidiary if created or acquired in the ordinary course of business, (ii) endorsements of negotiable instruments held for collection in the ordinary course of business or (iii) lease, utility and other similar deposits made in the ordinary course of business;

(d) Investments consisting of loans to employees, officers or directors of the Borrowers relating to the purchase of Option Plan Units of a Loan Party pursuant to a Loan Party's Charter Documents or an equity compensation plan or agreement approved by the board of directors (or equivalent governing body) of such Loan Party;

(e) Investments in securities of trade creditors, customers, suppliers or account debtors received in satisfaction or partial satisfaction of obligations owing to it or upon foreclosure or pursuant to any plan of reorganization or liquidation or similar arrangement upon the bankruptcy or insolvency of such trade creditors, customers, suppliers or account debtors;

(f) deposits of cash made in the ordinary course of business to secure performance of operating leases permitted hereunder; and

(g) the Permitted Acquisitions.

7.6. Liens. Create, incur or suffer to exist, any Lien in, of or on its or their Property (whether now owned or hereafter acquired, or upon any income, profits or proceeds therefrom), except the following ("**Permitted Liens**"):

(a) Subject to Section 6.5 hereof, Liens for Taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books, so long as such Loan Party's title to, and its right to use, its Properties are not materially adversely affected thereby;

(b) Subject to Section 6.5 hereof, Liens imposed by law, such as carriers', warehousemen's and mechanics' liens and other similar Liens arising in the ordinary course of business which secure payment of obligations not more than 45 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books, so long as such Loan Party's title to, and its right to use, its Properties are not materially adversely affected thereby;

(c) Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(d) (i) Utility easements, building restrictions and such other encumbrances or charges against real property as are of a nature generally existing with respect to properties of a similar character and (ii) minor defects in title, in each case, which do not materially interfere with the conduct of the Loan Parties' business or the utilization thereof in the business of any Loan Party;

(e) Liens securing the Obligations;

(f) Liens securing Indebtedness permitted under Section 7.2(b); provided that (i) such Liens shall be created substantially simultaneously with the acquisition or lease of the related asset, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, (iii) the amount of Indebtedness secured thereby is not increased and (iv) the principal amount of Indebtedness secured by any such Lien shall at no time exceed one hundred percent (100%) of the original purchase price of such property at the time it was acquired;

(g) Liens arising out of judgments, attachments or awards not resulting in an Event of Default under Section 8.1(j) or securing appeal or other surety bonds relating to such judgments;

(h) Liens (i) incurred in the ordinary course of business to secure the performance of tenders, statutory obligations (other than excise taxes), surety, stay, customs and appeal bonds, statutory bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) or (ii) arising by virtue of deposits made in the ordinary course of business to secure liability for premiums to insurance carriers;

(i) (i) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and Cash Equivalent Investments on deposit in one or more accounts maintained by any Loan Party or its Subsidiaries, in each case granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements and (ii) Liens of a collection bank arising under Section 4-210 of the UCC on items in the course of collection;

(j) the filing of PPSA financing statements solely as a precautionary measure in connection with operating leases otherwise permitted hereunder;

(k) Liens existing on the Closing Date the details of which are set out in Schedule 7.6 hereto;

(l) servitudes, easements, rights-of-way, restrictions and other similar encumbrances on real property imposed by applicable law or incurred in the ordinary course of business and encumbrances consisting of zoning or building restrictions, by-laws, easements, licenses, restrictions on the use of property or minor defects or imperfections in title thereto which, in the aggregate, are not material, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of any Loan Party;

(m) title defects or irregularities which are of a minor nature and in the aggregate do not materially impair the use or value of the property subject thereto;

(n) the rights reserved to or vested in governmental authorities by statutory provisions or by the terms of leases, licenses, franchises, grants or permits, which affect any land, to terminate the leases, licenses, franchises, grants or permits or to require annual or other periodic payments as a condition of the continuance thereof;

(o) securities to public utilities or to any municipalities or governmental authorities or other public authority when required by the utility, municipality or governmental authorities or other public authority in connection with the supply of services or utilities to any Loan Party;

(p) any Liens granted to KES7 Capital Inc. and the holders of the Debentures; provided that, any such Liens are subordinated to the terms of the intercreditor agreement in favour of the Liens held by the Agent for and on behalf of the Lenders, pursuant to a form satisfactory to the Agent;

(q) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown;

(r) Liens in respect of operating leases entered into in the ordinary course of the business of any Loan Party; provided that such Liens do not extended to any other property of any Loan Party;

(s) Liens arising under Canadian pension standards legislation, except to the extent such Lien relates to contributions due but not yet paid into the pension fund; and

(t) any Liens consented to by the Agent.

7.7. Capital Expenditures; Operating Leases.

(a) Make any Capital Expenditure if the sum of the aggregate amount of all Capital Expenditures (including the Capital Expenditure in question) made by all Loan Parties and their Subsidiaries on a combined basis during any Fiscal Year would exceed $500,000, unless otherwise agreed to by the Agent in writing. For purposes hereof, and for greater certainty, the Permitted Acquisitions shall not be deemed to be Capital Expenditures.

(b) Enter into any operating lease if the sum of the aggregate amount of all expenditures under operating leases (including the operating lease in question) made or required to be made by the Loan Parties and their Subsidiaries on a combined basis during such Fiscal Year would exceed $250,000.

7.8. Licenses. Grant any material rights or licenses to any Rights of any Loan Party or its Subsidiaries; provided that any grant of such rights or licenses to or in favour of a Loan Party shall be permitted hereunder.

7.9. Affiliates. Enter into any transaction or arrangement (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate, except transactions in the ordinary course of business and pursuant to the reasonable requirements of a Loan Party's or such Subsidiary's operating business and upon fair and reasonable terms that are fully disclosed to the Agent in advance of the consummation of such transaction and that are no less favorable to such Loan Party or such Subsidiary than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate.

7.10. Excluded Subsidiaries At no time shall any Excluded Subsidiaries have any business operations, own any assets in an aggregate value greater than $50,000 (including without limitation

Capital Stock in any other Person), be party to any contracts, have any bank accounts or have any employees. At no time will any Loan Party enter into any commercial transactions or contracts with or on behalf of any Excluded Subsidiary, or provide any financial support to, or make any Investment in (either by way of debt or equity or otherwise) any Excluded Subsidiary.

7.11. Sale and Leaseback Transactions and Other Off-Balance Sheet Liabilities. Enter into or suffer to exist any (a) Sale and Leaseback Transaction or (b) any other transaction pursuant to which any Loan Party or any Subsidiary of a Loan Party incurs or has incurred Off-Balance Sheet Liabilities.

7.12. Subsidiaries.

(a) If any Loan Party creates, forms or acquires any Subsidiary, on or after the date of this Agreement, Parent will, and will cause such Subsidiaries to, as soon as reasonably practicable following the creation, formation or acquisition of such new Subsidiary (or at such later time as the Agent may agree in writing), (i) grant to Agent a perfected security interest in and Lien on all of the issued and outstanding Capital Stock of such Subsidiary, in order to secure the Obligations and (ii) cause such Subsidiary to (A) at the Agent's option either guaranty the payment and performance of the Obligations pursuant to a Subsidiary Guaranty Agreement or join this Agreement as a Borrower or Guarantor, in each case in form and substance satisfactory to the Agent, and (B) secure said Subsidiary Guaranty Agreement or obligations as a Borrower under this Agreement with a perfected security interest in and Lien on all of the accounts, inventory, documents, instruments, chattel paper, general intangibles, goods, machinery, equipment, investment property, other tangible and intangible personal property, real property and other assets and the books and records of such Subsidiary and the proceeds thereof (except that, with respect to property of such Subsidiary that constitutes Capital Stock in a Non-US Subsidiary of Loan Party that is organized under the laws of any state of the United States or the District of Columbia, any such pledge, security interest or Lien shall be limited to sixty-five percent (65%) of the voting Capital Stock of such Non-US Subsidiary), all pursuant to a Security Agreement and other documentation (including, without limitation, an amendment to this Agreement, customary legal opinions and secretary's certificates, if requested by the Agent) in form and substance reasonably satisfactory to the Agent.

(b) Neither Parent nor any Subsidiary shall create, form, or acquire any Subsidiary without the express written consent of the Agent; provided, for greater certainty, that the Agent hereby consents to the Permitted Acquisitions.

(c) No Subsidiary of the Parent created, formed or acquired after the Closing Date shall at any time acquire any material assets or operations unless such Subsidiary shall have complied with the requirements of this Section 7.12 applicable to newly created, formed or acquired Subsidiaries.

7.13. Real Property. Acquire any fee ownership in real property or lease any real property (as lessee) unless it has notified the Agent of its intent to do so and has delivered a copy of any proposed lease to the Agent at least ten (10) Business Days prior to execution thereof. As soon as practicable after entering into any permitted acquisition of real property or lease (as lessee), the applicable Loan Party will, and will cause each of its Subsidiaries to, deliver a perfected Mortgage in favour of Agent on any acquired real property of such Loan Party or Subsidiary, a collateral assignment of lease and Landlord Waiver on any real property leased by such Loan Party or Subsidiary if the books and records of such Loan Party or Subsidiary, as the case may be, are located at such leased property, and such insurance policies, opinions of counsel and related documents as the Agent may reasonably request (all in form and substance acceptable to the Agent).

7.14. Modifications of Charter Documents. Amend, restate, supplement or otherwise modify such Person's Charter Documents in any way that could reasonably be expected to materially and adversely affect the interests of the Lenders or the Agent.

7.15. Fiscal Year. Change its Fiscal Year so that it ends on any date other than the last day of December.

7.16. Payments on Subordinated Debt. Make any payment of principal, interest or other amount on or with respect to any Subordinated Debt without the prior written consent of the Agent.

7.17. Restrictive Agreements.

(a) Amend or modify the terms of the Permitted Acquisition Documents in any way that could reasonably be expected to materially adversely affect the interests of the Lenders and the Agent.

(b) Become or be a party to any contract or agreement which materially impairs such Person's ability to perform under this Agreement or under any other Transaction Document.

7.18. Use of Lenders' Names. Use the Agent or any Lender's name in connection with any of its business operations. Nothing herein contained is intended to permit or authorize any Loan Party or any of the Subsidiaries of any Loan Party to make any contract on behalf of the Agent or any Lender.

7.19. Management Fees; Board Fees.

(a) Pay any board of director or similar fees or compensation to any Person except: (i) to the extent that such fees or compensation paid to the directors of any Loan Party does not exceed, in the aggregate (as measured in respect of all Loan Parties taken as a whole), US$200,000 per year, and (ii) that the Loan Parties may reimburse actual out-of-pocket expenses of directors of any Loan Party or any Subsidiary of a Loan Party incurred in connection with attendance at meetings of the board of directors (or equivalent governing body) of any Loan Party or any Subsidiary of a Loan Party, or committees thereof.

7.20. Change of Name or Other Factual Information

No Loan Party shall change its name, chief executive office, corporate offices, or other Collateral locations, or location of its records concerning the Collateral, or acquire, lease or use any real estate after the Closing Date that it did not already lease or use prior to the Closing Date, without such Person, in each instance, giving thirty (30) days prior written notice thereof to Agent and taking all actions deemed necessary or appropriate by Agent to continuously protect and perfect Agent's Liens upon the Collateral.

7.21. Holding Company Status.

Parent shall not engage in any business or activity or acquire any material assets or liabilities other than (a) the ownership of all outstanding Capital Stock of the Borrowers (other than Parent), (b) the management of the Loan Parties and their Subsidiaries, (c) maintenance of Parent's organizational existence, (d) participation in Tax, accounting and other administrative activities as the Parent of the consolidated group of companies comprised of Parent, the Borrowers and the Subsidiaries of the Borrowers, (e) the execution and delivery of the Transaction Documents and the performance of its obligations thereunder, and (f) activities incidental to the businesses or activities described in clauses (a) through (e) of this Section 7.21.

7.22. Negative Covenant Disclosure concerning TwoG Entities

In the event that, to the Knowledge of the Borrower, any covenants of the Loan Parties provided in Section 7.2, 7.3, 7.6 or 7.9 would be breached if such covenants applied to any TwoG entity, the Loan Parties shall, immediately upon obtaining such knowledge give notice to the Agent of the same, setting out the nature of such breach and promptly responding to any follow up information requests from the Agent concerning the same. No Loan Party shall cause or permit the amendment, revision, termination or replacement of any TwoG PNote or any other Economic Flow Agreement without the prior written consent of the Agent, which consent shall not be unreasonably withheld or delayed.

For the purposes of this Section 7.22, Knowledge of the Borrowers means the actual knowledge of the Borrowers (if any) and does not imply a duty to inquire as to facts or circumstances concerning the TwoG Entities. With respect to any Schedules to this Agreement relating to the TwoG Entities, the same reflect information to the Knowledge of the Borrowers only (if any).

7.23. Limitation on Representations, Warranties and Covenants

Notwithstanding any of the foregoing, the representations, warranties and covenants set forth herein shall not encompass compliance with or legality under the *US Federal Controlled Substances Act*, 21 U.S.C. ch. 13, section 801 et seq., or any rules or regulations promulgated thereunder or any analogous provisions of U.S. federal law or state laws, as to which no representation, warranty or covenant is made.

Article 8
EVENTS OF DEFAULT

8.1. Events of Default. An "Event of Default" shall occur hereunder upon the occurrence of the following circumstances (provide that, for greater certainty, if an Event of Default capable of being cured, is cured during any notice period required by law to be given to any Loan Party prior to enforcement, such Event of Default shall be considered cured):

(a) Failure of the Borrowers to pay the principal of any Loan (or any installment thereof) as and when due (whether at scheduled maturity, upon acceleration or otherwise), or failure of the Borrowers to pay when due any interest upon any Loan, or the failure of the Borrowers to pay within five (5) Business Days after the date due (i) any fees or any other Indebtedness or Obligations to the Agent or the Lenders or (ii) any other obligations under any of the Loan Documents;

(b) Any representation or warranty made or deemed made by or on behalf of any Loan Party or any Subsidiary of a Loan Party to the Agent or the Lenders under or in connection with this Agreement or any other Transaction Documents, or any Permitted Acquisition Agreement or any certificate or information delivered in connection with any of the foregoing shall be materially false when made;

(c) Failure of any Loan Party or any Subsidiary of a Loan Party to comply with any term, covenant or provision contained in Sections 6.3, 6.6, 6.15, 6.16, 6.17, or Article 7 of this Agreement;

(d) Failure of any Loan Party or any Subsidiary of a Loan Party to perform or observe any other term, covenant or provision contained in this Agreement (other than those specified elsewhere in this Section 8.1) or any other Loan Document and, in the case of any term, covenant, or provision that is capable of being remedied, such failure remains unremedied for five(5) days after occurrence;

(e) (i) Failure of any Loan Party or any Subsidiary of a Loan Party to pay when due or within any applicable grace period therefor any payments under any Indebtedness (other than the Obligations) in excess of $100,000 or (ii) the default by any Loan Party or any Subsidiary of a Loan Party in the performance (beyond the applicable grace period with respect thereto, if any) of any other term, provision or condition contained in any agreement, contract or instrument under which any such Indebtedness was created or is governed, or (iii) any other event shall occur or condition exists, the effect of which default or event is to cause, or to permit the holder or holders of such other Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or (iv) any such Indebtedness of any Loan Party or any Subsidiary of a Loan Party shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or (v) any Loan Party or any Subsidiary of a Loan Party shall (A) not pay, or (B) admit in writing its inability to pay, its debts generally as they become due;

(f) Any Loan Party or any Subsidiary shall (i) file or consent to the entry of an order for relief with respect to it under any Canadian or United States federal, state, or provincial or foreign bankruptcy, insolvency, receivership, liquidation or similar law as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, monitor, liquidator or similar official for it or any substantial part of its Property, (iv) institute any proceeding seeking an order for relief under any Canadian or United States federal, state, or provincial, or any foreign bankruptcy, insolvency, receivership, liquidation or similar law as now or hereafter in effect seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any such law relating to bankruptcy, insolvency or reorganization or relief of debtors, fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it or file an answer admitting the material allegations of a petition filed against itself in any such proceeding, (v) dissolve, wind up or liquidate, (vi) take any corporate, organizational or similar action to authorize or effect any of the foregoing actions set forth in this Section 8.1(f), or (vii) fail to contest in good faith any appointment or proceeding described in Section 8.1(h);

(g) there shall be commenced against Borrower or any other Loan Party any litigation seeking or effecting any seizure (whether in execution or otherwise), attachment, execution, distraint or similar process against all or any substantial part of its assets, or any other proceeding described in Sections 8.1(f) or 8.1(g) which remain unreleased or undismissed for thirty (30) consecutive days, unless within such thirty (30) days, any seizure or taking possession of any property of such Loan Party shall have occurred; or any creditor (other than the Agent or a Lender) takes possession of all or any substantial part of the assets of Borrower or any other Loan Party; or any creditor (other than the Agent or a Lender) enforces or gives notice of its intention to enforce or gives prior notice with respect to the exercise of any of its hypothecary or other rights under any Liens granted to it by or over all or substantially all of the assets of Borrower or any other Loan Party; or any custodian, receiver, interim receiver, liquidator, assignee, trustee, monitor, sequestrator or similar official is appointed in respect of Borrower or any other Loan Party or takes possession of all or any substantial part of the assets of Borrower or any other Loan Party or Borrower or any other Loan Party commits an "act of bankruptcy" (as defined under the relevant provisions of the BIA), becomes insolvent or shall have concealed, removed or permitted to be concealed or removed, any part of its property with intent to hinder, delay or defraud any of its creditors or make or suffer a transfer of any of its property or the incurring of an obligation which may be fraudulent, reviewable or the object of any proceedings under any applicable bankruptcy or insolvency legislation, creditor protection legislation or other similar laws.

(h) a petition, proposal, notice of intention to file a proposal, case or proceeding shall have been commenced involuntarily against Borrower or any other Loan Party in a court having competent jurisdiction seeking a declaration, judgment, decree, order or other relief: (i) under the BIA,

CCAA, US Bankruptcy Code, or any other applicable Canadian or United States federal, provincial, or state or any foreign bankruptcy or other law providing for suspension of operations or reorganization of debts or relief of debtors, and seeking either (x) the appointment of a custodian, receiver, interim receiver, liquidator, assignee, trustee, monitor or sequestrator (or similar official) for such Person or of any substantial part of its properties, or (y) the reorganization or winding up or liquidation of the affairs of any such Person, and such proposal, case or proceeding shall remain undismissed or unstayed for forty five (45) consecutive days or such court shall enter a declaration, judgment, decree or order granting the relief sought in such case or proceeding; or (ii) invalidating or denying any Person's right, power, or competence to enter into or perform any of its obligations under any Loan Document or invalidating or denying the validity or enforceability of this Agreement or any other Loan Document or any action taken hereunder or thereunder;

(i) Any court, government or Governmental Authority shall condemn, seize or otherwise appropriate, or take custody or control of, all or any material portion of the Property of any Loan Party or any Subsidiary of a Loan Party;

(j) One or more judgments, non-interlocutory orders, decrees or arbitration awards shall be entered against one or more of the Loan Parties or any Subsidiary of a Loan Party (i) for the payment of money in excess of $100,000 (or the equivalent thereof in currencies other than Canadian Dollars) in the aggregate (excluding amounts covered by insurance to the extent the relevant independent third-party insurer has not denied coverage therefor), or (ii) which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not stayed on appeal or otherwise being appropriately contested in good faith;

(k) The occurrence of a Reportable Event with respect to any US Plan; the filing of a notice of intent to terminate a US Plan by any Loan Party, any ERISA Affiliate or any Subsidiary of a Loan Party, the institution of proceedings to terminate a US Plan by the PBGC or any other Person; the withdrawal in a "complete withdrawal" or a "partial withdrawal" as defined in Sections 4203 and 4205, respectively, of ERISA by any Loan Party, any ERISA Affiliate or any Subsidiary of a Loan Party from any Multiemployer Plan; the incurrence of any material increase in the contingent liability of any Loan Party or any Subsidiary of a Loan Party with respect to any "employee welfare benefit plan" as defined in Section 3(1) of ERISA which covers retired employees and their beneficiaries; or the Unfunded Liabilities of all Single Employer Plans shall exceed (in the aggregate) $50,000;

(l) a Canadian Pension Event shall have occurred that, in the opinion of Agent, acting reasonably, could give rise to a Material Adverse Effect or could result in any Lien or any liability on the part of Agent or Lenders in either case in an aggregate amount exceeding $50,000;

(m) The institution by any Loan Party, any ERISA Affiliate or any Subsidiary of a Loan Party of steps to terminate any Plan if, in order to effectuate such termination, such Loan Party, such ERISA Affiliate or such Subsidiary, as the case may be, would be required to make a contribution to such Plan, or would incur a liability or obligation to such Plan, in excess of $100,000, or the institution by the PBGC, FSCO or any Governmental Authority of steps to terminate any Plan;

(n) any Loan Party or any Subsidiary of a Loan Party shall (i) be the subject of any proceeding pertaining to the release by any Loan Party, any Subsidiary of a Loan Party or any other Person of any Hazardous Material into the environment, or (ii) violate any Environmental Law, which, in either case could reasonably be expected to have a Material Adverse Effect;

(o) The occurrence of any default or event of default or the breach of any of the terms or provisions of any Loan Document or any other Transaction Document (other than this

Agreement), or any Permitted Acquisition Agreement which default or event of default or breach continues beyond any period of grace therein provided;

(p) Any breach by any Loan Party or the holders of any Subordinated Debt of the provisions of the subordination agreement relating thereto;

(q) Any Collateral Document shall for any reason fail to create a valid and perfected first priority (subject to any Permitted Liens) security interest in any collateral purported to be covered thereby, except as permitted by the terms of any Collateral Document, or any Collateral Document shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document, or any Loan Party or any Subsidiary of a Loan Party shall fail to comply in any material respect with any of the terms or provisions of any Collateral Document, which breach continues beyond any period of grace therein provided; provided that the Agent acknowledges and agrees that any Mortgage or other Collateral Document creating a charge or Lien over the E. 48th Property shall be released and discharged by the Agent prior to or concurrent with the Disposition of such property by the Loan Parties, or upon partial repayment of the Loan from the proceeds of such disposition if so required by the Agent;

(r) The occurrence of a Change of Control;

(s) The occurrence of any default or breach in respect of any TwoG PNote or any other Economic Flow Agreement, which default or breach could reasonably be expected to have a Material Adverse Effect;

(t) Any event of default or breach occurs in respect of the Debentures;

(u) An event, development or circumstance occurs that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; and

(v) Any (i) termination or non-renewal of any Material Contractual Obligation, (ii) suspension of any Loan Party under any Material Contractual Obligation. (iii) material and adverse change in any Loan Party's relationship with any customer under any Material Contractual Obligation or (iv) there occurs any breach, or default in respect of any Material Contractual Obligation including any Economic Flow Agreement.

8.2. Acceleration/Demand Nature of Facility. Notwithstanding any other term of this Agreement or any other Loan Document, the Agent and the Lenders may demand repayment of all Obligations (including all outstanding interest, principal, and fees at any time), at their sole and absolute discretion (which may be considered unreasonable by the Loan Parties), irrespective of the occurrence of an Event of Default, or the occurrence of any other event or thing. Subject to, and without limiting the previous sentence in any way:

If an Event of Default occurs and is continuing under Sections 8.1(f), (g) or (h) or clause (B) of Section 8.1(e)(v), then the outstanding principal amount of and interest on the Loans, together with the applicable Prepayment Premium, if any, shall automatically become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are expressly waived. If any other Event of Default occurs and is continuing, the Agent, by written notice to the Borrowers, may declare the principal of and interest on the Loans, together with the applicable Prepayment Premium, if any, to be due and payable immediately. Upon any such declaration of acceleration, such principal and interest, together with the applicable Prepayment Premium, if any, shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are expressly waived,

and (a) each Lender shall be entitled to exercise any remedies as an unsecured creditor under its Loan and (b) the Agent shall be entitled to exercise all of its rights and remedies hereunder and under any other Loan Document whether at law or in equity.

8.3. Set-Off. Upon the occurrence and during the continuation of an Event of Default, in addition to all other rights and remedies that may then be available to any Lender, each Lender and the Agent are hereby authorized at any time and from time to time, without notice to the Borrowers (any such notice being expressly waived by the Borrowers) to set off and apply any and all indebtedness at any time owing by such Lender or the Agent to or for the credit or the account of the Borrowers or any other Loan Party against all amounts which may be owed to such Lender or the Agent by the Borrowers or any other Loan Party in connection with this Agreement or any other Loan Document. If any Lender shall obtain from the Borrowers payment of any principal of or interest on any Loan held by it or payment of any other amount under this Agreement or such Loan held by it or any other Loan Document through the exercise of any right of set-off, and, as a result of such payment, such Lender shall have received a greater percentage of the principal, interest or other amounts then due to such Lender under the Loan Documents than the percentage received by any other Lender, it shall promptly make such adjustments (including without limitation purchasing risk participations) with such other Lender from time to time as shall be equitable, to the end that all the Lenders shall share the benefit of such excess payment (net of any expenses which may be incurred by such Lender in obtaining or preserving such excess payment) pro rata in accordance with the unpaid principal and/or interest on the Loans or other amounts (as the case may be) owing to each of the Lenders. To such end, all Lenders shall make appropriate adjustments among themselves if such payment is rescinded or must otherwise be restored. Any Lender taking action under this Section 8.3 shall promptly provide notice to the Borrowers of any such action taken; provided, that the failure of such Lender to provide such notice shall not prejudice its rights hereunder.

8.4. Appointment of Receiver.

Upon the occurrence and during the continuance of an Event of Default, Agent and Lenders shall be entitled to the immediate appointment of a receiver for all or any part of the Collateral, whether such receivership is incidental to a proposed sale of the Collateral pursuant to the Uniform Commercial Code or otherwise. Each Loan Party hereby consents to the appointment of such a receiver without notice or bond, to the full extent permitted by applicable statute or law; and waives any and all notices of and defenses to such appointment and agrees not to oppose any application therefor by Agent or Lenders, but nothing herein is to be construed to deprive the Agent or Lenders of any other right, remedy or privilege Agent or Lenders may have under law to have a receiver appointed, provided, however, that, the appointment of such receiver shall not impair or in any manner prejudice the rights of Agent or Lenders to receive any payments provided for herein. Such receivership shall, at the option of Agent or Lenders, continue until full payment of all of the Obligations.

Article 9
INDEMNIFICATION

9.1. Indemnification. In addition to all other sums due hereunder or provided for in this Agreement, the Loan Parties shall jointly and severally indemnify and hold harmless each Lender, the Agent, their respective Affiliates and each of their respective managers, officers, directors, agents, employees, Subsidiaries, partners, members, attorneys, accountants and controlling persons (each, an "**Indemnified Party**") to the fullest extent permitted by law from and against any and all losses, claims, damages, expenses (including, without limitation, all reasonable fees, disbursements and other charges of counsel and costs of investigation incurred by an Indemnified Party in any action or proceeding between any Borrower (or any other Loan Party) and such Indemnified Party (or Indemnified Parties)

or between an Indemnified Party (or Indemnified Parties) and any third party or otherwise) or other liabilities or losses (collectively, "**Liabilities**"), in each case resulting from or arising out of any breach of any representation or warranty, covenant or agreement of any Borrower or any other Loan Party in this Agreement or any other Loan Document, including without limitation, Environmental Liabilities, the failure to make payment when due of amounts owing pursuant to this Agreement or any other Loan Document, on the due date thereof (whether at the scheduled maturity, by acceleration or otherwise) or any legal, administrative or other actions (including, without limitation, actions brought by any holders of equity or Indebtedness of any Borrower or any other Loan Party or derivative actions brought by any Person claiming through or in such Borrower's or any such Loan Party's name), proceedings or investigations (whether formal or informal), or written threats thereof, based upon, relating to or arising out of the Loan Documents, the transactions contemplated thereby, or any Indemnified Party's role therein or in the transactions contemplated thereby; provided, however, that no Loan Party shall be liable under this Section 9.1 to an Indemnified Party to the extent that it is finally judicially determined that such Liabilities resulted from the willful misconduct or gross negligence of such Indemnified Party; provided, further, that if and to the extent that such indemnification is unenforceable for any reason, the Loan Parties shall make the maximum contribution to the payment and satisfaction of such Liabilities which shall be permissible under applicable laws. In connection with the obligation of the Loan Parties to indemnify for expenses as set forth above, the Loan Parties further agree, upon presentation of appropriate invoices, to reimburse each Indemnified Party for all such expenses (including, without limitation, fees, disbursements and other charges of counsel and costs of investigation incurred by an Indemnified Party in connection with any Liabilities) as they are incurred by such Indemnified Party. The obligations of the Loan Parties under this Section 9.1 and Section 9.2 shall survive the payment in full of the other Obligations and the termination of this Agreement.

9.2. Procedure; Notification. Each Indemnified Party under this Article 9 will, promptly after the receipt of notice of the commencement of any action, investigation, claim or other proceeding against such Indemnified Party in respect of which indemnity may be sought from the Loan Parties under this Article 9, notify the Loan Parties in writing of the commencement thereof. The omission of any Indemnified Party to so notify the Loan Parties of any such action shall not relieve the Loan Parties from any liability which it may have to such Indemnified Party, except to the extent that such omission impairs the Loan Parties' ability to defend the action, claim or other proceeding. In case any such action, claim or other proceeding shall be brought against any Indemnified Party and it shall notify the Loan Parties of the commencement thereof, the Loan Parties shall be entitled to assume the defense thereof at their own expense, with counsel satisfactory to such Indemnified Party in its judgment; provided, that any Indemnified Party may, at its own expense, retain separate counsel to participate in such defense. Notwithstanding the foregoing, in any action, claim or proceeding in which any Loan Party, on the one hand, and an Indemnified Party, on the other hand, is, or may become, a party, such Indemnified Party shall have the right to employ separate counsel at the Loan Parties' joint and several expense and to control its own defense of such action, claim or proceeding if, in the opinion of counsel to such Indemnified Party, a conflict or potential conflict exists between the Loan Parties, on the one hand, and such Indemnified Party, on the other hand, that would make such separate representation advisable. The Loan Parties agree that they will not, without the prior written consent of the Agent, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated hereby (if any Indemnified Party is a party thereto or has been actually threatened to be made a party thereto) unless such settlement, compromise or consent includes an unconditional release of the Lenders and each other Indemnified Party from all liability arising or that may arise out of such claim, action or proceeding. The rights accorded to Indemnified Parties hereunder shall be in addition to any rights that any Indemnified Party may have at common law, by separate agreement or otherwise.

Article 10
MISCELLANEOUS

10.1. Survival of Representations and Warranties. All of the representations and warranties made herein shall survive the execution and delivery of this Agreement, any investigation by or on behalf of the Agent or any Lender or termination of this Agreement. Except as otherwise expressly provided by its terms, this Agreement and each other Loan Document shall terminate and be of no further force and effect on the earlier of (a) the date on which the Obligations (other than contingent indemnification obligations for which no claim has been made) have been satisfied in full in cash, as set forth in writing by the Agent or the Lenders, and (b) such time as the parties hereto mutually agree to the termination thereof.

10.2. Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier or email (with receipt confirmed), courier service or personal delivery:

(a) if to the Agent:

Bridging Finance Inc.
77 King Street West
Suite 2925, P.O. Box 322
Toronto, Ontario
M5K 1K7

Email: gmarr@bridgingfinance.ca
Attention: Graham Marr

With a copy (which shall not constitute notice) to:

Wildeboer Dellelce LLP
365 Bay Street, Suite 800
Toronto, ON M5H 2V1
Email: jpadwick@wildlaw.ca
Attention: James Padwick

(b) if to the Lenders:

to the same addresses as would apply to notice to the Agent, provided that any communication to the Lenders shall be "c/o Bridging Finance Inc., as Agent"

(c) if to the Loan Parties:

c/o MJAR Holdings, LLC
3461 Ringsby Court, Unit 350
Denver, Colorado 80216

Email: rishi.gautam@MJardin.com
Attention: Rishi Gautam, Chief Executive Officer and Art Brown, Senior Advisor

With a copy (which shall not constitute notice) to:

WeirFoulds LLP
66 Wellington Street West
Suite 4100
TD Bank Tower
Toronto, ON M5K 1B7
Email: vwong@weirfoulds.com
Attention: Vickie Wong

And a copy to

Foley & Lardner LLP
111 Huntington Avenue | Suite 2500
Boston, MA 02199-7610
Email: REppen@foley.com
Attention: Ronald S. Eppen

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; the next Business Day, if delivered by commercial overnight courier service; if mailed, three Business Days after being deposited in the mail, postage prepaid; or if faxed or emailed, when receipt is acknowledged.

10.3. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. Each Lender may: (i) with the prior written consent of the Parent (which consent shall not be unreasonably withheld), transfer the Loans held by it in whole or in part and may assign its rights under the Loan Documents to one or more assignees, if an Event of Default shall not have occurred and be continuing at the time of the proposed transfer and assignment. For greater certainty, it shall be reasonable for the Parent to withhold its consent if any such assignment could result in an increased cost of borrower to any Loan Party; and (ii) upon prior notice to, but without the consent of the Parent, transfer the Loans held by it in whole or in part and may assign its rights under the Loan Documents to one or more assignees, if an Event of Default shall have occurred and be continuing at the time of the proposed transfer and assignment. In addition, each Lender may at any time, without the consent of, or notice to, any Loan Party sell participations to any Person in all or a portion of such Lender's rights and/or obligations under this Agreement and the other Loan Documents; provided that such Lender's obligations under this Agreement and the other Loan Documents shall remain unchanged, and the Loan Parties shall continue to deal solely and directly with such Lender, as the case may be, in connection with the provisions of this Agreement and the other Loan Documents. Neither any Borrower nor any other Loan Party may assign any of its rights, or delegate any of its obligations, under this Agreement or the other Loan Documents without the prior written consent of the Agent, and any such purported assignment by any such Borrower or any such Loan Party without the written consent of the Agent shall be void and of no effect. Except as provided in Article 9, no Person other than the parties hereto or thereto and their successors and permitted assigns is intended to be a beneficiary of any of the Loan Documents. Notwithstanding anything to the contrary in this Section 10.3, any Lender may assign any Loan or portion thereof to any other Person that is managed by the Agent, or an affiliate of the Agent, without any consent required from any Loan Party or other Person, or any notice to any Loan Party or other Person if such assignment does not result in any increased cost of borrowing to the Loan Parties. If the assignment set out in the previous sentence would result in any increased costs to any Loan Party, the assigning Lender shall seek consent from the Parent prior to such assignment or otherwise enter into

such agreement with the Loan Parties and the assignee, in form and substance satisfactory to the Loan Parties, providing that the assigning Lender (and not the Loan Parties) is solely responsible and liable for all such increased costs.

10.4. Amendment and Waiver.

(a) No failure or delay on the part of any of the parties hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for in this Agreement are cumulative and are not exclusive of any remedies that may be available to the parties hereto at law, in equity or otherwise.

(b) Any amendment, waiver, supplement or modification of or to any provision of this Agreement or the Loan Documents and any consent to any departure by any party from the terms of any provision of this Agreement or the Loan Documents, shall be effective (i) only if it is made or given in writing and signed by the Loan Parties and the Agent and (ii) only in the specific instance and for the specific purpose for which made or given;

(c) Except where notice is specifically required by this Agreement, no notice to or demand on any Borrower or any other Loan Party in any case shall entitle any Borrower or any other Loan Party to any other or further notice or demand in similar or other circumstances.

10.5. Signatures; Counterparts. Facsimile or .pdf transmissions of any executed original document and/or retransmission of any executed facsimile or .pdf transmission shall be deemed to be the same as the delivery of an executed original. At the request of any party hereto, the other parties hereto shall confirm facsimile or .pdf transmissions by executing duplicate original documents and delivering the same to the requesting party or parties. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

10.6. Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

10.7. GOVERNING LAW. Except for Loan Documents expressed to be governed by the laws of another jurisdiction, the Loan Documents and the obligations arising under the Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario applicable to contracts made and performed in such province, without regard to the principles thereof regarding conflicts of laws, and any applicable laws.

10.8. JURISDICTION, JURY TRIAL WAIVER, ETC.

(a) Each Loan Party executing this Agreement hereby consents and agrees that the courts located in Ontario shall have the non-exclusive jurisdiction to hear and determine any claims or disputes between any Loan Party and the Agent or any Lender pertaining to this Agreement, the Notes, or any of the other Loan Documents or to any matter arising out of or related to this Agreement or any of the other Loan Documents; that nothing in this Agreement shall be deemed or operate to preclude the Agent or any Lender from bringing suit or taking other legal action in any other jurisdiction to collect the Obligations, to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favour of the Agent or such Lenders. Each Loan Party expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and each

Loan Party hereby waive any objection which they may have based upon lack of personal jurisdiction, improper venue or forum non conveniens. Each Loan Party hereby waives personal service of the summons, complaint and other process issued in any such action or suit and agree that service of such summons, complaint and other process may be made by registered or certified mail addressed to such Loan Party in accordance with Section 10.2 of this Agreement and that service so made shall be deemed completed upon the earlier of such Loan Party's actual receipt thereof (or refusal) or five (5) Business Days after deposit in the mail, proper postage prepaid.

(b) TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, THE NOTES, OR ANY OF THE OTHER LOAN DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. EACH OF THE LOAN PARTIES (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE AGENT ANY LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE AGENT OR THE LENDERS WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (ii) ACKNOWLEDGES THAT THE LENDERS HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT, AND THE OTHER LOAN DOCUMENTS TO WHICH IT IS PARTY BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

10.9. Severability. If any one or more of the provisions contained in this Agreement, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions of this Agreement. The parties hereto further agree to replace such invalid, illegal or unenforceable provision of this Agreement with a valid, legal and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid, illegal or unenforceable provision.

10.10. Rules of Construction. For purposes of this Agreement and the other Loan Documents, the following additional rules of construction shall apply, unless specifically indicated to the contrary: (a) wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural; (b) the term "or" is not exclusive; (c) the term "including" (or any form thereof) shall not be limiting or exclusive; (d) all references to statutes, acts and related regulations shall include any amendments of same and any successor statutes and regulations; (e) all references to any instruments or agreements, including references to any of the Loan Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof; (f) the specification of any Lien as a Permitted Encumbrance shall not constitute any postponement or subordination (or agreement to do so) of the Agent's Liens; and (g) all references to "$" dollars or amounts of currency shall unless otherwise expressly provided mean lawful currency of Canada.

10.11. Quebec Collateral. The Loan Parties confirm and agree that for purposes of any Collateral located in the Province of Quebec or charged by any deed of hypothec (or any other Loan Document) and for all other purposes pursuant to which the interpretation or construction of a Loan Document may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the Province of Québec: (a) "personal property" shall be deemed to include "movable property"; (b) "real property" shall be deemed to include "immovable property"; (c) "tangible property" shall be deemed to include "corporeal property"; (d) "intangible property" shall be deemed to include "incorporeal property"; (e) "security interest" and "mortgage" shall be deemed to include a "hypothec";

(f) all references to filing, registering or recording under the UCC or the PPSA shall be deemed to include publication under the Civil Code of Québec; (g) all references to "perfection" of or "perfected" Liens shall be deemed to include a reference to the "opposability" of such Liens to third parties; (h) any "right of offset", "right of setoff" or similar expression shall be deemed to include a "right of compensation"; (i) "goods" shall be deemed to include "corporeal movable property" other than chattel paper, documents of title, instruments, money and securities; and (j) an "agent" shall be deemed to include a "mandatary".

10.12. Entire Agreement. This Agreement, together with the exhibits and schedules hereto and the other Loan Documents, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein or therein. This Agreement, together with the exhibits and schedules hereto, and the other Loan Documents supersede all prior agreements and understandings between the parties with respect to such subject matter.

10.13. Certain Expenses. The Loan Parties will pay all expenses incurred by the Lenders and the Agent (including, without limitation, fees, charges and disbursements of counsel and travel expenses) in connection with (a) any administration, enforcement, amendment, supplement, modification or waiver of or to any provision of this Agreement or any of the other Loan Documents or any documents relating thereto (including, without limitation, a response to a request by any Borrower or any other Loan Party for the consent of such Lender or Agent to any action otherwise prohibited hereunder or thereunder), (b) consent to any departure from the terms of any provision of this Agreement or such other documents, (c) any fees concerning discharging of security filings or legal costs associated with a payout in the context of any repayment or prepayment of the Loans, whether voluntary or mandatory (unless prematurely demanded by the Agent outside of the continuance of an Event of Default) or (d) the engagement of any third-party valuation firm to provide valuations with respect to the Loan Parties. The obligations of the Loan Parties under this Section 10.13 shall be payable on demand and shall survive the payment in full of the Obligations and the termination of this Agreement.

10.14. Publicity; Confidentiality.

(a) Except as may be required by applicable law or otherwise expressly provided herein, none of the parties hereto shall issue a publicity release or announcement or otherwise make any public disclosure concerning this Agreement or the transactions contemplated hereby, without prior approval by the other parties hereto; provided, however, that the Lenders may, without the approval of any Loan Party, issue a press release and may publish and distribute one or more tombstone or other announcements of the closing of the transactions contemplated hereby using any Loan Party's name, product photographs, logo or trademark.

(b) Agent and the Lenders shall maintain in confidence in accordance with their customary procedures for handling confidential information and not disclose to any Person, all written information that any Loan Party, or any of its authorized representatives, furnishes to Agent or the Lenders on a confidential basis ("**Confidential Information**"), other than Confidential Information that becomes generally available to the public other than as a result of a breach by Agent or the Lenders of their obligations hereunder or that is or becomes available to Agent or the Lenders from a source other than any Loan Party, or any of its authorized representatives, and that is not, to the actual knowledge of the recipient thereof, subject to obligations of confidentiality with respect thereto; provided, however, that Agent and the Lenders shall in any event have the right to deliver copies of any such documents, and to disclose any such information: (i) to their respective agents, employees, Subsidiaries, Affiliates, attorneys,

auditors, lenders, professional consultants, rating agencies, insurance industry associations and portfolio management services; (ii) to prospective transferees or purchasers of any interest or participation in the Loans, provided that any such prospective transferee or purchaser shall have agreed to be bound by the provisions of this Section 10.14; (iii) as required by law, subpoena, judicial order or similar order; (iv) in connection with any litigation or in connection with the exercise of any right or remedy under any Loan Document; (v) as may be required in connection with the examination, audit or similar investigation of Agent or any Lender; and (vi) to the Commission, and any other federal or state regulatory authority or examiner which regulates or has jurisdiction over Agent or any Lender.

10.15. Further Assurances. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations, or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person) as may be required or desirable to carry out or to perform the provisions of this Agreement, including without limitation, any post-closing assignment(s) by any Lender of a portion of the Loans to a Person not currently a party hereto, subject to the limitations set forth herein.

10.16. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and the other Loan Documents. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement or any Loan Document, this Agreement or such other Loan Document shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement or any other Loan Document. No knowledge of, or investigation, including without limitation, due diligence investigation, conducted by, or on behalf of, the Agent or any Lender shall limit, modify or affect the representations set forth in Article 5 of this Agreement or the right of the Agent or any Lender to rely thereon.

10.17. Time is of the Essence. Time is of the essence for performance of the Obligations under the Loan Documents.

10.18. Illegality or Increased Costs. In the event that any Lender determines that, in consequence of any change in any Requirement of Law or any policy applicable to it that (a) it is illegal, unlawful or prohibited for it to make or continue to make any Loans or any other Obligations hereunder, it shall have the right to terminate such Loans or other Obligations as it shall determine necessary or appropriate and to terminate any commitment to make or continue to make such Loans or other Obligations and/or to terminate its commitments hereunder and any of the Loan Documents as it shall determine necessary or appropriate, or (b) as a result there shall be an increase in the cost to Lender of agreeing to make or making, funding or maintaining Loans or other Obligations (such increased costs, the "**Increased Costs**") it shall have the right to demand that the applicable Borrowers shall, within five (5) Business Days following demand therefor, pay such Lender the amount of such Increased Costs, and the applicable Borrowers shall in such instance pay such Increased Costs when due.

Article 11
AGENT

11.1. Appointment of Agent; No Effect on Loan Parties' Obligations. BRIDGING FINANCE INC. is hereby appointed by each Lender and its successors and assigns as Agent hereunder and under the other Loan Documents and each Lender hereby authorizes BRIDGING FINANCE INC. to act as Agent in accordance with the terms hereof and the other Loan Documents. BRIDGING FINANCE INC. hereby agrees to act in its capacity as such upon the express conditions contained

herein and the other Loan Documents, as applicable. The provisions of this Article 11 are solely for the benefit of Agent and each Lender, and no Loan Party shall have any rights as a third party beneficiary of any of the provisions thereof. Any provision of this Article 11 may be amended by agreement between the Lenders and the Agent, with any notice to or consent from any Loan Party. Each Lender shall ratably, in accordance with the aggregate outstanding principal amount of the Loans held by it, indemnify the Agent (to the extent not reimbursed by the Loan Parties) against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from the Agent's gross negligence or willful misconduct) that the Agent may suffer or incur in connection with the Loan Documents or any action taken or omitted by the Agent hereunder or thereunder. The obligations of the Lenders under this Section 11.1 shall survive the payment in full of the Obligations and the termination of this Agreement. This Article 11 sets forth the rights and obligations solely as between the Agent and the Lenders, and nothing in this Article 11 creates any rights for any Loan Party or releases any Loan Party from its obligations under this Agreement, including without limitation the obligation of the Loan Parties to reimburse any Lender for any payment made by such Lender to Agent under this Section 11.1 on a Loan Party's behalf.

11.2. Powers and Duties. Each Lender irrevocably authorizes Agent to take such action on such Lender's behalf and to exercise such powers, rights and remedies hereunder and under the other Loan Documents as are specifically delegated or granted to Agent by the terms hereof and thereof, together with such powers, rights and remedies as are incidental thereto. Each Lender hereby further irrevocably authorizes Agent to act as the secured party under each of the Collateral Documents. Agent may exercise such powers, rights and remedies and perform such duties by or through its agents or employees and may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or expert. Agent may accept payments of principal, interest, fees and expenses due under the Loan Documents from the deposits from any Loan Party on the account or benefit for any Lender.

11.3. Collateral Matters.

(a) Each Lender authorizes and directs the Agent to enter into the Collateral Documents for the benefit of the Lenders. The Agent is hereby authorized on behalf of all of the Lenders, without the necessity of any notice to or further consent from any Lender, from time to time, to take any action with respect to any Collateral or Loan Document which may be necessary or appropriate to perfect and maintain perfected the Liens granted pursuant to the Collateral Documents.

(b) The Lenders hereby authorize the Agent, at the election and on the instruction of the Required Lenders, (i) to, in accordance with the terms of (and at the times specified in) the Collateral Documents, release (x) any Lien granted to or held by the Agent upon any collateral in accordance with the terms of the Collateral Documents, and (y) any Guarantor from its obligations under any guaranty; and (ii) to subordinate or release any Lien on any collateral granted to or held by the Agent under any Collateral Document to the holder of any Permitted Lien described in Section 7.6(f). Upon request by the Agent at any time, the Lenders will confirm in writing the Agent's authority to release or subordinate its interest in particular types or items of collateral, or to release any Guarantor from any guaranty, in each case, as permitted pursuant to this Section 11.3(b).

(c) The Agent shall have no obligation whatsoever to the Lenders or to any other Person to assure that any collateral exists or is owned by any Loan Party or any Subsidiary thereof or is cared for, protected or insured or that the Liens granted to the Agent herein or pursuant to the Loan Documents have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under

any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to the Agent in this Section 11.3 or in any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Agent may act in any manner it may deem appropriate, in its sole discretion, given the Agent's own interest in any collateral as one of the Lenders and that the Agent shall have no duty or liability whatsoever to the Lenders, except for its gross negligence or willful misconduct. Neither the Agent nor any of its directors, officers, partners, managers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements specified in any Transaction Document or any Permitted Acquisition Agreement; (iii) the satisfaction of any condition specified in any Loan Document, except receipt of items required to be delivered to the Agent; (iv) the validity, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (v) the existence or non-existence of any Default or Event of Default; or (vi) the financial condition of any Loan Party. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under the Transaction Documents.

11.4. Actions with Respect to Defaults. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default except with respect to Defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Lenders, unless the Agent shall have received written notice from a Lender or a Loan Party referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." The Agent will notify each Lender of its receipt of any such notice. In addition to the Agent's right to take actions on its own accord as permitted under this Agreement, the Agent shall take such action with respect to a Default or Event of Default as shall be directed by the Required Lenders or all of the Lenders, as the case may be, provided that the Agent shall not be required to take any action which in the Agent's opinion would expose the Agent or its Affiliates to liability, and provided, further, that until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such ministerial action, or refrain from taking such ministerial action, with respect to such Default or Event of Default as it shall deem advisable and in the best interests of the Lenders. The Agent may at any time request instructions from the Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Loan Documents the Agent is permitted or desires to take or to grant, and if such instructions are promptly requested, the Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from the Required Lenders. Without limiting the foregoing, no Lender shall have any right of action whatsoever against the Agent solely as a result of the Agent acting or refraining from acting under this Agreement, except with respect to its gross negligence or willful misconduct.

11.5. Successor Agent. The Agent may at any time give notice of its resignation to the Lenders and the Loan Parties. Upon receipt of any such notice of resignation, the Required Lenders shall have the right to appoint a successor Agent. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent gives notice of its resignation, then (a) the resignation of the Agent shall become effective on such 30th day, (b) the Required Lenders shall perform the duties of the Agent under the Loan Documents until the Required Lenders appoint a successor Agent, (c) the retiring Agent shall be

discharged from its duties and obligations hereunder and under the other Loan Documents and (d) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor to the Agent as provided for in this Section 11.5. Upon the acceptance of a successor's appointment as the Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder and under the other Loan Documents (if not already discharged therefrom as provided herein). After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article 11 shall continue in effect for the benefit of such retiring Agent and its sub-agents in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting or was continuing to act as the Agent.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers hereunto duly authorized as of the date first above written.

INITIAL BORROWERS:

MJAR HOLDINGS, LLC

By: DocuSigned by: Rishi Gautam
Name: Rishi Gautam
Title: CEO

MJARDIN CAPITAL, LLC

By: DocuSigned by: Rishi Gautam
Name: Rishi Gautam
Title: CEO

6100 E. 48TH AVE., LLC

By: DocuSigned by: Rishi Gautam
Name: Rishi Gautam
Title: CEO

MJARDIN CANADA INC.

By: DocuSigned by: Rishi Gautam
Name: Rishi Gautam
Title: Manager

MJARDIN MANAGEMENT, LLC

By: _____
Name: _____
Title: _____

[signature page to Loan Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers hereunto duly authorized as of the date first above written.

INITIAL BORROWERS:

MJAR HOLDINGS, LLC

By: _____
Name: _____
Title: _____

MJARDIN CAPITAL, LLC

By: _____
Name: _____
Title: _____

6100 E. 48TH AVE., LLC

By: _____
Name: _____
Title: _____

MJARDIN CANADA INC.

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT, LLC

By: DocuSigned by: Adam Denmark Cohen
Name: Adam Cohen
Title: Manager

[signature page to Loan Agreement]

MJARDIN SERVICES INC.

By: DocuSigned by: Rishi Gautam
Name: Rishi Gautam
Title: CEO

MJARDIN MANAGEMENT MISSOURI, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT TEXAS, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT HAWAII, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT COLORADO, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT NEVADA, LLC

By: _____
Name: _____
Title: _____

[signature page to Loan Agreement]

MJARDIN SERVICES INC.

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT MISSOURI, LLC

By: DocuSigned by: Adam Denmark Cohen C0B2C61D3C4E41D...
Name: Adam Cohen
Title: Manager

MJARDIN MANAGEMENT TEXAS, LLC

By: DocuSigned by: Adam Denmark Cohen C0B2C61D3C4E41D...
Name: Adam Cohen
Title: Manager

MJARDIN MANAGEMENT HAWAII, LLC

By: DocuSigned by: Adam Denmark Cohen C0B2C61D3C4E41D...
Name: Adam Cohen
Title: Manager

MJARDIN MANAGEMENT COLORADO, LLC

By: DocuSigned by: Adam Denmark Cohen C0B2C61D3C4E41D...
Name: Adam Cohen
Title: Manager

MJARDIN MANAGEMENT NEVADA, LLC

By: DocuSigned by: Adam Denmark Cohen C0B2C61D3C4E41D...
Name: Adam Cohen
Title: Manager

MJARDIN MANAGEMENT FLORIDA, LLC

By: DocuSigned by: Adam Denmark Cohen
C0B2C61D3C4E41D...
Name: Adam Cohen
Title: Manager

MJARDIN MANAGEMENT MASSACHUSETTS, LLC

By: DocuSigned by: Adam Denmark Cohen
C0B2C61D3C4E41D...
Name: Adam Cohen
Title: Manager

MJARDIN MANAGEMENT VERMONT, LLC

By: DocuSigned by: Adam Denmark Cohen
C0B2C61D3C4E41D...
Name: Adam Cohen
Title: Manager

MJARDIN MANAGEMENT OHIO, INC.

By: DocuSigned by: Adam Denmark Cohen
C0B2C61D3C4E41D...
Name: Adam Cohen
Title: Manager

BUDDY BOY BRANDS HOLDINGS, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANITOBA INC.

By: _____
Name: _____
Title: _____

[signature page to Loan Agreement]

MJARDIN MANAGEMENT FLORIDA, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT MASSACHUSETTS, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT VERMONT, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT OHIO, INC.

By: _____
Name: _____
Title: _____

BUDDY BOY BRANDS HOLDINGS, LLC

By: DocuSigned by: Rishi Gautam
Name: Rishi Gautam
Title: CEO

MJARDIN MANITOBA INC.

By: _____
Name: _____
Title: _____

[signature page to Loan Agreement]

MJARDIN MANAGEMENT FLORIDA, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT MASSACHUSETTS, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT VERMONT, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANAGEMENT OHIO, INC.

By: _____
Name: _____
Title: _____

BUDDY BOY BRANDS HOLDINGS, LLC

By: _____
Name: _____
Title: _____

MJARDIN MANITOBA INC.

By: DocuSigned by: Rishi Gautam
Name: Rishi Gautam
Title: CEO

[signature page to Loan Agreement]

Agent:

BRIDGING FINANCE INC., as Agent

By: _____
Name: _____
Title: _____

Lenders:

BRIDGING FINANCE INC., as a Lender

By: _____
Name: _____
Title: _____

SCHEDULES to the LOAN AGREEMENT dated as of December 29, 2017 by and among MJAR HOLDINGS, LLC, MJARDIN CAPITAL, LLC, 6100 E. 48TH AVE., LLC, MJARDIN CANADA INC., MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT MISSOURI, LLC, MJARDIN MANAGEMENT TEXAS, LLC, MJARDIN MANAGEMENT HAWAII, LLC, MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, MJARDIN MANAGEMENT FLORIDA, LLC, MJARDIN MANAGEMENT MASSACHUSETTS, LLC, MJARDIN MANAGEMENT VERMONT, LLC, MJARDIN MANAGEMENT OHIO, INC., BUDDY BOY BRANDS HOLDINGS, LLC and MJARDIN MANITOBA INC., as Borrowers, and BRIDGING FINANCE INC. as Agent and THE LENDERS FROM TIME TO TIME PARTY THERETO, as Lenders.

SECOND AMENDMENT TO LOAN AGREEMENT

EXECUTED by the parties hereto as of the 27th day of August, 2018.

WHEREAS MJAR HOLDINGS CORP. (successor by amalgamation to MJAR HOLDINGS, LLC)("**Parent**"), MJARDIN CAPITAL, LLC, 6100 E. 48TH AVE., LLC, MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, MJARDIN MANAGEMENT FLORIDA, LLC, MJARDIN MANAGEMENT MASSACHUSETTS, LLC, MJARDIN MANAGEMENT OHIO, INC., BUDDY BOY BRANDS HOLDINGS, LLC, 2426 S. FEDERAL, LLC, 5040 YORK, LLC, BUDDY BOY BRANDS, LLC, EC CONSULTING, LLC, MJARDIN CHEYENNE HOLDINGS, LLC, ("**MCH**") 5421 E. CHEYENNE REAL ESTATE LLC (with such entity and MCH party pursuant to joinders dated as of the date hereof and entered into the moment in time prior to this Second Amendment to Loan Agreement) (collectively the "**Borrowers**") and Bridging Finance Inc., as agent (in such capacity the "**Agent**") and as lender are parties to a loan agreement dated as of December 29, 2017 and amended pursuant to a First Amendment to Loan Agreement and Confirmation dated as of July 23, 2018 (as amended, the "**Loan Agreement**");

AND WHEREAS 5421 E. CHEYENNE REAL ESTATE LLC has purchased the property municipally known as 5421 E. Cheyenne Avenue, Las Vegas, Nevada 89156, and more particularly described as Clark County Assessor's Parcel Number 140-16-103-004 (the "**Cheyenne Property**"). This purchase occurred on August 23, 2018 using funds advanced by the Agent and intended to be a Loan.

AND WHEREAS, Parent expects to enter into a membership interest purchase agreement (the "**F&L Acquisition Agreement**") on or about the date of this Second Amendment to Loan Agreement (this "**Second Amendment**") entitling it to purchase all issued and outstanding membership units of F&L Investments LLC ("**F&L**")(the "**Interests**"), with consummation of such purchase of ownership occurring upon regulatory approval (expected to occur in the twelve (12) months following the date hereof). In connection with the F&L Acquisition Agreement, Mjardin Cheyenne Holdings LLC will upon signing of the F&L Acquisition Agreement grant a convertible loan to F&L (the "**F&L Loan**") in the amount of US$5,693,336 entitling Mjardin Cheyenne Holdings LLC to convert the outstanding principal amount of the F&L Loan into membership units in F&L equal to 50% of all of the issued and outstanding membership interests of F&L. The consideration for such purchase of the Interests shall be the obligation of the Parent (or a successor entity) to issue Capital Stock in the Parent to F&L. The conversion of the F&L Loan and the issuance of the Parent Capital Stock shall occur, at the time of (or shortly after) regulatory approval of the purchase by Mjardin Cheyenne Holdings LLC of F&L, such that the Medical Marijuana Establishment Certificate (as such term is defined in Nevada Revised Statutes, Chapter 453A) bearing Application Identifier No. C038 Reference #85215650926863546256 held by GreenMart of Nevada LLC (a wholly owned subsidiary of F&L) shall not be voided or otherwise impaired, provided, the conversion of the F&L Loan shall occur immediately prior to the acquisition of the Interests pursuant to the F&L Acquisition Agreement. Upon such regulatory approval, the Parent Capital Stock issuance and conversion of the F&L Loan, Mjardin Cheyenne Holdings LLC will own 100% of the Capital Stock of F&L.

AND WHEREAS MJAR Capital LLC has formed a wholly owned subsidiary, MCH, a Nevada limited liability company, and through a series of steps Parent shall, promptly after obtaining ownership thereof, transfer all of its ownership interest in F&L to MCH.

AND WHEREAS pursuant to the terms of a Contribution and Sale Agreement, dated as of the same date as the MPA, Parent shall purchase all outstanding indebtedness owing by F&L, totaling $8,613,248.00, from various third parties in consideration for a combination of Capital Stock of the Parent and cash in the amount of US$1,326,835.50. Parent shall contribute such F&L indebtedness to

MCH as a capital contribution (the transactions described in this paragraph are referred to as the "**Parent F&L Debt Purchase and Contribution**"). Upon the occurrence of such purchase, and the Parent F&L Debt Purchase and Contribution, MCH shall be the sole holder of all outstanding debt for borrowed money of F&L.

AND WHEREAS the Agent and the Borrowers desire to amend the Loan Agreement to address financing required for such purchase and ongoing expenditures relating thereto.

AND WHEREAS the parties hereto have agreed to amend certain provisions of the Loan Agreement, but, in each case, only to the extent and subject to the limitations set forth in this Second Amendment.

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

ARTICLE II – AMENDMENTS

2.1 Acquisition of Property, Ownership of F&L and Debt

(a) Section 1.1 of the Loan Agreement is hereby amended by adding the following defined terms:

"**2018 Follow-on Loan**" has the meaning ascribed thereto in Section 2.1.

"**5421 ECRE**" means 5421 E. CHEYENNE REAL ESTATE LLC.

"**Cheyenne Property**" means the real property municipally known as 5421 E. Cheyenne Avenue, Las Vegas, Nevada 89156, and more particularly described as Clark County Assessor's Parcel Number 140-16-103-004.

"**Cheyenne Property Acquisition**" means the acquisition by 5421 ECRE of a 100% interest in the Cheyenne Property that occurred on August 23, 2018.

"**F&L**" means F&L Investments LLC.

"**F&L Acquisition**" means acquisition by MCH of 100% of the issued and outstanding Capital Stock of F&L (and thereby indirectly 100% of the Capital Stock of GreenMart) by conversion of the F&L Loan into Capital Stock of F&L and issuance by Parent of shares of Parent pursuant to the terms of the F&L Acquisition Agreement. For greater certainty, however, the F&L Acquisition shall not be fully and finally completed until (or shortly after) regulatory approval of the ownership by MCH of F&L (the "**Regulatory Approval**"), such that the Medical Marijuana Establishment Certificate (as such term is defined in Nevada Revised Statutes, Chapter 453A) bearing Application Identifier No. C038 Reference #85215650926863546256 held by GreenMart shall not be voided or otherwise impaired.

"**F&L Acquisition Agreement**" means a membership interest purchase agreement in respect of the F&L Acquisition dated on or about the Second Amendment Date.

"**F&L Acquisition End Date**" means the date that is twelve months from the Second Amendment Date, or such later date as may be agreed to by the Agent in writing.

"**F&L Closing Conditions**" means satisfaction of the following:

i. Charter Documents: The Agent shall have received certificates from each Loan Party or new Loan Party being joined on account of the F&L Acquisition (including, following the F&L Final Completion Date, GreenMart and F&L), signed by an officer of such Person (an "**Officer's Certificate**"), certifying (a) that the attached copies of the Charter Documents of such Person, and resolutions of the board of directors or similar governing body of such Person approving the Transaction Documents, and applicable documents associated with the F&L Acquisition to which it is a party are all true, complete and correct and remain unamended and in full force and effect, and (b) the incumbency and specimen signature of each manager or officer of such Loan Party executing any Loan Document to which it is a party or any other document delivered in connection herewith and therewith on behalf of such Loan Party, provided that a Loan Party shall not be required to deliver an Officer's Certificate as described above if it has previously delivered to the Agent an officer's certificate in a similar form.

ii. Solvency. The Agent shall have received a certificate, signed by the chief executive officer or chief financial officer of Parent, certifying that the Loan Parties, individually and taken as a whole, are Solvent.

iii. Joinder. The Agent shall have received a Joinder, in form and substance satisfactory to the Agent, joining each party required to be joined to the Loan Agreement on account of the F&L Acquisition (including, following the F&L Final Completion Date, F&L and GreenMart). For greater certainty, the Joinder will provide that the new Loan Parties will give the same representations and warranties as set out in this Agreement, to be true as of the date of such joinder.

iv. Documents. The Agent shall have received true, complete and correct copies of the documents effecting the F&L Acquisition and such other agreements, schedules, exhibits, certificates, documents, financial information and filings as the Agent may request in

connection with or relating to the Transactions or such F&L Acquisition, all in form and substance satisfactory to the Agent including, without limitation, each of the Loan Documents executed by each Loan Party as and where applicable.

v. Opinion of Counsel. The Agent and Lenders shall have received opinions of counsel to the Loan Parties, dated as of the date of the F&L Acquisition, in form and substance acceptable to the Agent, acting reasonably.

vi. Collateral. The Agent shall have received correct, complete, fully executed copies of each of the new Collateral Documents it requires on account of the F&L Acquisition in a form acceptable to the Agent, acting reasonably, together with such UCC financing statements, original stock certificates, if any, and corresponding stock powers, any original promissory notes (if any) subject to the Security Agreements, notices of security interest to be filed in the United States Patent and Trademark Office, insurance policies, and other instruments and documents required to be delivered under the Collateral Documents or as the Agent may otherwise determine to be necessary or appropriate to perfect the Liens granted thereunder, all in form and substance acceptable to the Agent, in each case after taking into account the F&L Acquisition.

For greater certainty and notwithstanding anything to the contrary contained herein, it is understood and agreed that, until such time as the F&L Final Completion Date has occurred, neither F&L nor GreenMart will become Loan Parties and neither are expected to enter into any Loan Documents or Collateral Documents. Following the F&L Final Completion Date, F&L, and GreenMart shall enter into a general security agreement in form and substance satisfactory to the Agent, granting to the Agent a first ranking security interest and Lien in all present and future personal property of such entities subject only to Permitted Liens (to the extent that the granting of such security interest or charge would not contravene any applicable law and would not detrimentally impact or prejudice any regulated licences held by such Loan Party) and all security registrations required or desirable to preserve and protect such security interests granted shall have been completed;

vii. Subordination Agreements. The Agent shall have received all subordination agreements required by the Agent, in respect of any Subordinated Debt.

viii. No Material Judgment or Order. There shall not be any judgment, injunction or order of a court of competent jurisdiction or any ruling of any Governmental Authority which, in the judgment of the Agent, would prohibit the making of the Loans hereunder, or subject the Agent or the Lenders to any penalty or other onerous condition under or pursuant to any Requirement of Law if the Loans were to be made hereunder.

ix. Good Standing Certificates. The Agent shall have received good standing certificates for each Loan Party in respect of which the Agent does not have such certificate, for its jurisdiction of incorporation or formation and certificates of foreign qualification for all other jurisdictions where it does business.

x. Insurance Certificates. The Agent shall have received (a) evidence of insurance complying with the requirements of Section 6.6, and (b) certificates and applicable endorsements naming the Agent as an additional insured on all liability policies and as loss payee on all property policies for the business and properties of the new Loan Parties added on account of the F&L Acquisition.

xi. Diligence. The Agent shall be satisfied, acting reasonably, in its sole and absolute discretion, with: (A) the form and substance of the documentation effecting the F&L Acquisition, (B) its general diligence review of the Loan Parties (including any new Loan Parties to be added on account of the F&L Acquisition), (C) its assessment of the effect of the F&L Acquisition on the creditworthiness of the Loan Parties.

xii. No Event of Default. No Event of Default shall have occurred and be continuing, and no Event of Default would reasonably be expected to occur on account of the closing of the F&L Acquisition, including on account of having any new Persons joining the Loan Agreement as Loan Parties.

xiii. Marijuana License. At the time of the F&L Final Completion Date, all licenses required for F&L and GreenMart to operate their respective businesses, including without limitation, the Medical Marijuana Establishment Certificate (as such term is defined in Nevada Revised Statutes, Chapter 453A) bearing Application Identifier No. C038 Reference #85215650926863546256 held by GreenMart, shall be in good standing and shall not be voided or otherwise impaired by the F&L Acquisition.

"**F&L Debt Purchase**" means the purchase by Parent of outstanding indebtedness of F&L, totaling $8,613,248.00, from various third parties in consideration for Capital Stock of the Parent and US$2,214,726 cash pursuant to the terms of a Contribution and Sale Agreement, dated as of the same date as the F&L Acquisition Agreement.

"**F&L Escrow Release Conditions**" means:

(a) Charter Documents: The Agent shall have received an Officer's Certificate from 5421 ECRE and MCH, certifying (a) that the attached copies of the Charter Documents of such Person, and resolutions of the board of directors or similar governing body of such Person approving the Transaction Documents, and applicable documents associated with the Phase I F&L Documents to which it is a party are all true, complete and correct and remain unamended and in full force and effect, and (b) the incumbency and specimen signature of each manager or officer of such Loan Party executing any Loan Document to which it is a party or any other document delivered in connection herewith and therewith on behalf of such Loan Party, provided that a Loan Party shall not be required to deliver an Officer's Certificate as described above if it has previously delivered to the Agent an officer's certificate in a similar form.

(b) Solvency. The Agent shall have received a certificate, signed by the chief executive officer or chief financial officer of Parent, certifying that the Loan Parties, individually and taken as a whole, are Solvent.

(c) Joinder. The Agent shall have received a Joinder, in form and substance satisfactory to the Agent from 5421 ECRE and MCH. For greater certainty, the Joinder will provide that the new Loan Parties will give the same representations and warranties as set out in this Agreement, to be true as of the date of such joinder.

(d) Documents. The Agent shall have received true, complete and correct copies of the Phase I F&L Documents and such other agreements, schedules, exhibits, certificates, documents, financial information and filings as the Agent may request in connection with or relating to the Transactions or such F&L Acquisition, all in form and substance satisfactory to the Agent including, without limitation, each of the Loan Documents executed by each Loan Party as and where applicable.

(e) Opinion of Counsel. The Agent and Lenders shall have received opinions of counsel to 5421 ECRE and MCH in form and substance acceptable to the Agent, acting reasonably.

(f) Collateral. The Agent shall have received correct, complete, fully executed copies of each of the new Collateral Documents it requires from 5421 ECRE and MCH in a form acceptable to the Agent, acting reasonably, together with such UCC financing statements, original stock certificates, if any, and corresponding stock powers, any original promissory notes (if any) subject to the Security

Agreements, notices of security interest to be filed in the United States Patent and Trademark Office, insurance policies, and other instruments and documents required to be delivered under the Collateral Documents or as the Agent may otherwise determine to be necessary or appropriate to perfect the Liens granted thereunder, all in form and substance acceptable to the Agent.

(g) No Material Judgment or Order. There shall not be any judgment, injunction or order of a court of competent jurisdiction or any ruling of any Governmental Authority which, in the judgment of the Agent, would prohibit such release from escrow, or subject the Agent or the Lenders to any penalty or other onerous condition under or pursuant to any Requirement of Law if the funds were to be released from escrow.

(h) Good Standing Certificates. The Agent shall have received good standing certificates for each of 5421 ECRE and MCH for its respective jurisdiction of incorporation or formation and certificates of foreign qualification for all other jurisdictions where it respectively does business.

(i) Insurance Certificates. The Agent shall have received (a) evidence of insurance complying with the requirements of Section 6.6, and (b) certificates and applicable endorsements naming the Agent as an additional insured on all liability policies and as loss payee on all property policies for the business and properties of 5421 ECRE and MCH.

(j) Diligence. The Agent shall be satisfied, acting reasonably, in its sole and absolute discretion, with: (A) the form and substance of the Phase I F&L Documents, and (B) its general diligence review of the MCH and 5421 ECRE.

(k) No Event of Default. No Event of Default shall have occurred and be continuing.

"**F&L Final Completion Date**" means the date, following receipt of the Regulatory Approval, on which 100% of the issued and outstanding shares in the capital stock of F&L shall be held and owned by MCH.

"**F&L Loan**" means the convertible loan dated as of, or about, the Second Amendment Date from MCH (as lender) to F&L (as borrower) in the principal amount of US$5,693,336 entitling MCH to convert the outstanding principal amount thereof into membership units in F&L (as amended from time to time in accordance with this Agreement).

"**F&L Loan Documentation**" means all documentation creating or in relation to the F&L Loan, including without limitation the F&L Loan Agreement, the F&L Note, the F&L Loan Security, and a guarantee of GreenMart of the obligations of F&L in relation to the F&L Loan.

"**F&L Loan Security**" means all security granted to MCH in relation to the F&L Loan, including without limitation a general security agreement from each of F&L and GreenMart.

"**F&L Note**" means the convertible promissory note executed by F&L in favour of MCH, relating to the F&L Loan, dated as of, or about, the Second Amendment Date.

"**GreenMart**" means GreenMart of Nevada LLC.

"**MCH**" means MJardin Cheyenne Holdings, LLC

"**Phase I F&L Documents**" means the F&L Acquisition Agreement, the Contribution and Sale Agreement dated as of the same date as the F&L Acquisition Agreement, the F&L Loan Documentation.

"**Second Amendment Date**" means August 27, 2018.

"**Second Amendment to Loan Agreement**" means the Second Amendment to Loan Agreement, relating to this Agreement, dated as of the Second Amendment Date.

(b) The first recital in the Statement of Purpose is hereby deleted in its entirety and replaced with the following:

"**WHEREAS**, the Borrowers have requested, and the Lenders have agreed, subject to the terms and conditions of this Agreement, to make term loans in the aggregate original principal amount equal to the Maximum Amount (the "**Loans**"); and"

(c) The defined term "Maximum Amount" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

""**Maximum Amount**" means CDN $42,085,087."

(d) A new Section 3.5 is added to the Loan Agreement as follows:

"**3.5 Second Amendment Consideration Shares**

"**Issuance Notice**" means a notice from the Agent to the Parent, demanding that the Parent issue the shares described in this Section 3.5."

As part consideration for the Agent entering into the Second Amendment, upon the earliest to occur of (a) a Liquidity Event (including without limitation an Initial Public Offering) or (b) ten (10) days after the Agent providing the Issuance Notice to the Parent, Parent shall issue common shares of the Parent to the Agent, or as the Agent so directs in an amount equal to the following calculation:

Number of shares issued to Agent = $1,000,000/N

Where "N" equals the lesser of:

(a) the price per common share that would price Mjardin Holdings Corp. at a valuation of $200,000,000, provided that such calculation shall be performed on a post money basis (i.e. after the common shares required to be issued pursuant to this section were issued and after the shares issued at the time of the Liquidity Event were also issued) in the event that Liquidity Event is contemplated; and

(b) (I) in the event that such share issuance is triggered by a Liquidity Event; the lesser of (A) in respect of a Liquidity Event that is an Initial Public Offering, the lowest price per share of Mjardin Holding Corp. pursuant to such Initial Public Offering, and (B) in respect of a Liquidity Event that is not an Initial Public Offering, the highest price per common share paid by a purchaser of common shares (or provided as consideration) of the Parent (where such purchase or consideration was for at least $1,000,000 by an arms length third party) in the immediately preceding twenty four month period;

(II) in the event that such share issuance is not triggered by a Liquidity Event, the highest price per common share paid by a purchaser of common shares (or provided as consideration) of the Parent (where such purchase or consideration was for at least $1,000,000 by an arms length third party) in the immediately preceding twenty four month period;

Any shares issued pursuant to this Section 3.5 shall be issued pursuant to a form of subscription agreement that is mutually agreeable to Agent and Parent acting reasonably, which subscription agreement shall include customary restrictions with respect to shareholders of Parent, including, but not limited to, a customary lock-up.

The terms of this Section 3.5 shall survive termination of this Agreement, including on account of repayment, and the Parent shall, promptly upon request of the Agent issue one or more securities in favour of the Agent, or as directed by the Agent, reflecting the rights of the Agent set out in this Section 3.5.

(e) Section 7.5(g) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"(g) the Permitted Acquisitions, the Cheyenne Property Acquisition, the F&L Acquisition, the F&L Loan and the F&L Debt Purchase."

(f) The first sentence of Section 7.13 of the Loan Agreement is hereby deleted and replaced with the following:

"Acquire any fee ownership in real property other than the Cheyenne Property or lease any real property (as lessee) unless it has notified the Agent of its intent to do so and has delivered a copy of any proposed lease to the Agent at least ten (10) Business Days prior to execution thereof."

(g) A new Section 6.20 is added to the Loan Agreement as follows:

"6.20 <u>Agreements with F&L and GreenMart</u>:

(a) Parent has provided, or caused to be provided, to the Agent with true and complete copies of all documentation between any Borrower and F&L and/or GreenMart, including without limitation any management services agreement, cultivation agreement, loan agreement (including without limitation the F&L Loan Documentation) and the F&L Acquisition Agreement. Parent shall promptly notify Agent of upon having knowledge of: (1) any breach of the terms of any Agreement between F&L and/or GreenMart and any Borrower, including without limitation the F&L Loan Documentation, and the loans purchased by the Parent pursuant to the F&L Debt Purchase, and (2) any material communications between any Borrower or F&L or GreenMart (to the extent that any Borrower has knowledge of such communication) and any Governmental Authority concerning any material license, certificate or authorization in relation to cannabis, including the sale, production, distribution or otherwise of cannabis and including, without limitation, the Medical Marijuana Establishment Certificate (as such term is defined in Nevada Revised Statutes, Chapter 453A) bearing Application Identifier No. C038 Reference #85215650926863546256 held by GreenMart. No Borrower shall agree to any amendment or waiver of the F&L Loan Documentation without the prior written consent of the Agent, which consent shall not be unreasonably withheld. At all times, the F&L Loan Security shall be valid and enforceable and create a valid and perfected first ranking security interest of MCH (or another Borrower as the case may be) over the assets of F&L and GreenMart, respectively, and their subsidiaries, successors and assigns (as applicable). No Borrower shall sell or assign any F&L Loan Documentation or any rights it has or may at any time have pursuant to the F&L Acquisition Agreement other than to the Agent without the prior written consent of the Agent, which consent shall not be unreasonably withheld.

(b) Within thirty (30) days of the Second Amendment Date, the Parent shall deliver to the Agent or otherwise satisfy, or cause the satisfaction of the following in each case to the satisfaction of the Agent acting reasonably:

(I) 5421 ECRE to execute, deliver and cause to be recorded, if applicable, a deed of trust, assignment of rents and leases, UCC-1 fixture filing and environmental indemnification agreement (all in forms to be provided by Agent);

(II) 5421 ECRE to cause tenant to execute and deliver an SNDA and estoppel, in form and substance reasonably acceptable to Agent, for each of the leases.

(III) 5421 ECRE to cause tenant to release the two leasehold deeds of trust, one recorded as instrument no. 20160216-0000318 and the other as instrument no. 20180213-0002132, along with the related UCC-1 fixture filings, recorded as instrument no 20160216-0000319 and instrument no. 20180213-0002133. 5421 ECRE shall deliver to Agent copies of the recorded reconveyances of each of the deeds of trust and terminations of the fixture filings.

(IV) 5421 ECRE shall obtain release letters from the County for the following off-site improvement agreements and cause the title company to release the same of record:

1) Clark County Department of Public Works Restrictive Covenant, dated January 5, 1195 and recorded in book 950201 as document no. 00950

2) Restrictive Covenant Running with the Land Clark County Public Works, dated April 1, 2016 and recorded as instrument no. 20160405-0001437

3) Clark County Department of Public Works Off-Site Improvement Agreement, dated February 18, 2016 and recorded as instrument no. 20160701-0000068

(V) Opinion from Borrowers' counsel to be delivered in connection with the execution of the documents listed in item (b)(I) above, in form and substance reasonably acceptable to Agent;

(VI) Receipt by the Agent of a recorded reconveyance of seller's deed of trust; and

(VII) 5421 ECRE shall cause the title company to issue a lender's title policy in an amount equal to the funds disbursed by Agent, in form and substance acceptable to Agent, including endorsements thereto.

(c) The Cheyenne Property Acquisition occurred on August 23, 2018 and on or prior to August 30, 2018 Parent shall have delivered to the Agent or otherwise satisfied, or caused the satisfaction of the following in each case to the satisfaction of the Agent acting reasonably:

(I) 5421 ECRE shall provide to Agent a copy of the closing statement from title showing, purchase price (consistent with the information previously provided to the Agent), all prorations, including taxes, utilities, etc., all escrow charges to be paid by 5421 ECRE, all owner policy charges to be paid by 5421 ECRE;

(II) Copy of title company's wire instructions (note we have requested these today with no response from title or escrow).

(III) Assignment of lease to 5421 ECRE from seller, as landlord.

(IV) Amendment to memo of lease to be recorded at closing confirming the assignment to 5421 ECRE and removing the option to purchase from title since this is being exercised in connection with this closing.

(V) Evidence that the renewal options for both leases were exercised (based on the lease documents we have received, the leases have expired subject to exercising the options).

(VI) Confirmation that the seller's deed of trust, disclosed as exception 16 on the May title commitment and recorded as Instrument No. 20130801-0002395 will be released concurrent with closing.

(d) Contemporaneous with the occurrence of the F&L Acquisition, unless waived by Agent in writing, the Borrowers shall satisfy the F&L Closing Conditions. For greater certainty, the parties hereto agree that notwithstanding anything to the contrary contained herein or otherwise, it is understood and agreed that, until such time as the F&L Final Completion Date has occurred, neither F&L nor GreenMart will become Loan Parties and neither are expected to enter into any Loan Documents or Collateral Documents.

(e) all licenses required for F&L and GreenMart to operate their respective businesses, including without limitation, the Medical Marijuana Establishment Certificate (as such term is defined in Nevada Revised Statutes, Chapter 453A) bearing Application Identifier No. C038 Reference #85215650926863546256 held by GreenMart, are in good standing and shall not be voided or otherwise impaired by the F&L Acquisition provided that the Regulatory Approval has been obtained.

(h) The two sentences in Section 3.1(a) of Loan Agreement immediately following each other and beginning with "On the last day of each month…" shall be deleted in their entirety and replaced with the following:

"On the last day of each month in which the Loans are outstanding, the Borrowers shall pay in arrears in cash by automatic bank draft to an account designated in writing by Agent a portion of the interest accrued on the outstanding principal amount of the Loans (I) in respect of all Loans other than the 2018 Follow-on Loan, an amount based on an interest rate equal to a floating rate per annum, calculated and automatically reset on a daily basis, equal to the sum of (i) BNS Prime plus (ii) six and eight tenths percent (6.8%), and (II) in respect of the 2018 Follow-on Loan, an amount based on an interest rate equal to a floating rate per annum, calculated and automatically reset on a daily basis, equal to the sum of (i) BNS Prime plus (ii) eight and three tenths percent (8.3%). On account of this calculation, the monthly payment of interest shall be less than the amount of interest accrued during such month (with the difference being referred to as the "**Capitalized Portion of Interest**") and the Capitalized Portion of Interest shall be added to the principal amount of the Loan outstanding and shall accrue interest from such date at the Applicable Interest Rate."

(i) Section 2.1 of the Loan Agreement is hereby amended by adding the following at the end of such Section:

"In addition to the Loans funded by the Lenders on the Closing Date, the Lenders shall make an additional Loan to the Borrowers in the amount of $15,330,962 (the "**2018 Follow-on Loan**") on the Second Amendment Date, which Loan (for greater certainty) is included in the Maximum US Amount. For greater certainty such 2018 Follow-on Loan includes the $2,700,000 advanced by the Agent to the Parent on August 21, 2018 and described in the Irrevocable Direction and

Acknowledgment from the Borrowers to Foley & Lardner LLP and the Agent dated the same date.

In addition to the other covenants of the Borrowers provided in this Agreement the Borrowers, jointly and severally, covenant to the Agent and the Lenders as follows:

(a) Notwithstanding Section 6.2(a) of this Agreement, the 2018 Follow-on Loan shall be used by the Borrowers for the following purposes only:

i. the Canadian equivalent of US$5,693,336 shall, be used by Parent and/or MCH to fund the F&L Loan in its entirety provided that such amounts are released from escrow in accordance with part (b) below;

ii. the Canadian equivalent of US$ 1,326,835.50 shall, be used by Parent to fund the cash portion of the F&L Debt Purchase in its entirety provided that such amounts are released from escrow in accordance with part (b) below;

iii. the Canadian equivalent of US$1,926,314.10 (the "**Cheyenne Purchase Price**") shall be used by the Borrowers to pay the entire purchase price and any related fees and expenses required for the Cheyenne Property Acquisition;

iv. the Canadian equivalent of US$1,700,000 shall be used by the Borrowers for expenses associated with the build out of a second facility located on the Cheyenne Property provided that such amounts are released from escrow in accordance with part (b) below; and

v. any remaining balance of the 2018 Follow-on Loan shall be used for legal, transaction and other costs associated with the Cheyenne Property Acquisition and the F&L Acquisition.

(b) Proceeds of the2018 Follow-on Loan described in parts (i), (ii) and (iv) (the "**F&L Escrow Funds**") were funded into escrow pursuant to an Irrevocable Direction and Acknowledgement dated as of August 24, 2018 (with such funds wired on August 27, 2018) and shall not be released from escrow until such time as F&L Escrow Release Conditions have been satisfied to the satisfaction of the Agent acting reasonably. In the event that the F&L Escrow Release Conditions are not satisfied within 10 days of the Second Amendment Date the F&L Escrow Funds shall be returned to the Agent and such return shall be considered a partial prepayment of the 2018 Follow-on Loan.

(c) In the event that the F&L Closing Conditions are not satisfied prior to the F&L Acquisition End Date, a sum equal to the 2018 Follow-on Loan minus the Cheyenne Purchase Price, minus any amounts already prepaid pursuant to part (b) shall, unless otherwise agreed by the Agent in writing, be repaid to the Agent in full on the first Business Day after the F&L Acquisition End Date.

(d) Notwithstanding anything to the contrary contained herein, the parties agree that, with respect to any repayments or prepayments contemplated to be made pursuant to paragraphs (b) and (c) directly above, no Prepayment Premium shall be payable in connection therewith or as a result thereof.

(e) In addition to other representations and warranties of the Borrowers provided in this Agreement, the Borrowers jointly and severally represent and warrant to the Agent and the Lenders that:

i. The entire consideration for the Cheyenne Property Acquisition was the Cheyenne Purchase Price paid by 5421 ECRE to the Vendors and all conditions to the closing of the Cheyenne Property Acquisition and set out in the documents effecting the Cheyenne Property Acquisition, have been satisfied;

ii. The entire consideration for the F&L Acquisition (assuming that it proceeds after Regulatory Approval has been obtained) equals (i) the consummation of the F&L Debt Purchase (which shall have occurred on the Second Amendment Date), plus (ii) conversion of the F&L Loan into Capital Stock of F&L, plus (iii) the issuance of 791,338 common shares in the Capital Stock of the Parent to the vendors pursuant to the F&L Acquisition Agreement (subject to the terms of the F&L Acquisition Agreement if Parent undergoes a "Going Public Transaction" as defined therein), with parts (ii) and (iii) to be completed on the closing date of the F&L Acquisition or, in any event, prior to the F&L Acquisition End Date; provided that Regulatory Approval has been obtained).

ARTICLE III – CONDITIONS TO EFFECTIVENESS

3.1 This Second Amendment shall become effective upon the Agent receiving the following:

(a) a copy of this Second Amendment, executed by all parties thereto;

(a) All deliverables and requirements set out in the definition of F&L Closing Conditions except pertaining to 5421 ECRE and MCH and not (at this time) F&L, GreenMart or any other entity added on account of the occurrence of the F&L Acquisition.

ARTICLE IV – FEES

4.1 In consideration for the Agent and the Lenders entering into this Second Amendment the Borrowers shall pay to the Agent (on behalf of the Lenders) the following:

(a) Work Fee: A fully earned and non-refundable work fee in an amount equal to $294,078.60 plus applicable taxes, which fee shall be taken by the Agent from the proceeds of the first advance of the 2018 Follow-on Loan.

(b) 2018 Follow-on Capital Cost Fee. As the Lenders at the request of the Loan Parties attributed funds to this Second Amendment, and thereby made such funds unavailable for other purposes, the Loan Parties have agreed to a fee payable to the Agent, for the benefit of the Lenders, equal to CAD $ 332,953 (the "**2018 Follow-on Capital Cost Fee**"). Such 2018 Follow-on Capital Cost Fee shall be fully earned, due and payable on the date of this Second Amendment and taken by the Agent from the proceeds of the first advance of the 2018 Follow-on Loan.

ARTICLE V – REAFFIRMATION OF OBLIGATIONS

Each of the Borrowers confirms that its Obligations remain in full force and effect after giving effect to the amendments provided for herein.

ARTICLE VI – NO OTHER WAIVER OR AMENDMENT

6.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Loan Agreement is intended or implied. This Second Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VII – MISCELLANEOUS

7.1 This Second Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

7.2 All costs incurred by the Agent in preparing this Second Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrowers and shall form part of the Obligations secured by the Collateral Documents.

7.3 This Second Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

7.4 This Second Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Second Amendment as of the date first above written.

Agent:

BRIDGING FINANCE INC., as agent

By: _____
Name: Graham Mann
Title: Portfolio Manager

By: _____
Name:
Title:

Borrowers:

MJAR HOLDINGS CORP.

By: _____
Name:
Title:

MJARDIN CAPITAL, LLC

By: _____
Name:
Title:

6100 E. 48TH AVE., LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT, LLC

By: _____
Name:
Title:

The parties have executed this Second Amendment as of the date first above written.

Agent:

BRIDGING FINANCE INC., as agent

By: _____
Name:
Title:

By: _____
Name:
Title:

Borrowers:

MJAR HOLDINGS CORP.

By: _____
Name:
Title:

MJARDIN CAPITAL, LLC

By: _____
Name:
Title:

6100 E. 48TH AVE., LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT, LLC

By: _____
Name:
Title:

MJARDIN SERVICES INC.

By: _____
Name:
Title:

MJARDIN MANAGEMENT COLORADO, LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT NEVADA, LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT FLORIDA, LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT MASSACHUSETTS, LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT OHIO, INC.

By: _____
Name:
Title:

BUDDY BOY BRANDS HOLDINGS, LLC

By: _____

Name:

Title:

BUDDY BOY BRANDS, LLC

By: _____

Name:

Title:

5040 YORK, LLC

By: _____

Name:

Title:

2426 S. FEDERAL, LLC

By: _____

Name:

Title:

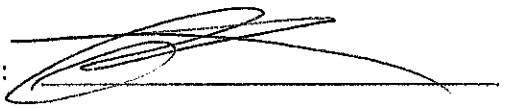
EC CONSULTING, LLC

By: _____

Name:

Title:

5421 E. CHEYENNE REAL ESTATE LLC

By: 

Name:

Title:

MJARDIN CHEYENNE HOLDINGS, LLC

By: 

Name:

Title:

ATTACHMENT "A"

SCHEDULES TO LOAN AGREEMENT

SCHEDULES to the LOAN AGREEMENT dated as of December 29, 2017 (the "Loan Agreement") by and among MJAR HOLDINGS, LLC, MJARDIN CAPITAL, LLC, 6100 E. 48TH AVE., LLC, GROWFORCE CORP. (formerly MJARDIN CANADA INC.), MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT MISSOURI, LLC, MJARDIN MANAGEMENT TEXAS, LLC, MJARDIN MANAGEMENT HAWAII, LLC, MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, MJARDIN MANAGEMENT FLORIDA, LLC, MJARDIN MANAGEMENT MASSACHUSETTS, LLC, MJARDIN MANAGEMENT VERMONT, LLC, MJARDIN MANAGEMENT OHIO, INC., BUDDY BOY BRANDS HOLDINGS, LLC and MJARDIN MANITOBA INC., as Borrowers, and BRIDGING FINANCE INC. as Agent and THE LENDERS FROM TIME TO TIME PARTY THERETO, as Lenders, as amended pursuant to a First Amendment to Loan Agreement and Confirmation dated as of July 23, 2018 and a Second Amendment to Loan Agreement dated as of August [23], 2018, as such Loan Agreement is amended, restated, or modified from time to time.

Schedule 1.1
TwoG/ BB Entities

BB Entities means:

Buddy Boy Brands, LLC
5040 York, LLC
EC Consulting, LLC
2426 S. Federal, LLC

TwoG Entities means:

TwoG Ventures, LLC
3B Ventures, LLC
TwoG Federal, LLC
TwoG Walnut, LLC
TwoG York, LLC
3B-38, LLC
3B-Federal1, LLC
3B-Umatilla, LLC
3B Kalamath, LLC

THIRD AMENDMENT TO LOAN AGREEMENT

EXECUTED by the parties hereto as of the 15th day of November, 2018.

WHEREAS MJAR HOLDINGS CORP. (successor by amalgamation to MJAR HOLDINGS, LLC), MJARDIN CAPITAL, LLC, 6100 E. 48TH AVE., LLC, MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, MJARDIN MANAGEMENT FLORIDA, LLC, MJARDIN MANAGEMENT MASSACHUSETTS, LLC, MJARDIN MANAGEMENT OHIO, INC., BUDDY BOY BRANDS HOLDINGS, LLC, BUDDY BOY BRANDS, LLC, 5040 YORK, LLC, 2426 S. FEDERAL, LLC, EC CONSULTING, LLC, 5421 E. CHEYENNE REAL ESTATE LLC, and MJARDIN CHEYENNE HOLDINGS, LLC, as borrowers (collectively, the "**Borrowers**") and Bridging Finance Inc., as agent (in such capacity, the "**Agent**") and as lender (in such capacity, the "**Lender**"), are parties to a loan agreement dated as of December 29, 2017, as amended pursuant to (i) a First Amendment to Loan Agreement and Confirmation dated as of July 23, 2018 and (ii) a Second Amendment to Loan Agreement dated as of August 27, 2018 (and as further amended, restated, supplemented or otherwise modified from time to time, collectively, the "**Loan Agreement**").

AND WHEREAS MJAR Holdings Corp. intends to purchase 6,000,000 common shares in the capital of OG DNA Genetics Inc. (the "**OG DNA Genetics Inc. Share Purchase**") on or about the date of this Third Amendment to Loan Agreement (this "**Third Amendment**") at a purchase price of US$1.00 per share for an aggregate purchase price of US$6,000,000, using the proceeds of the Loans.

AND WHEREAS the Lenders wish to increase the Maximum US Amount by extending an additional loan to the Borrowers (the "**Third Amendment Loan**"), the proceeds of which shall be used to finance the OG DNA Genetics Inc. Share Purchase and legal, transactional and other costs associated therewith.

AND WHEREAS in connection with the Third Amendment Loan, the parties hereto have agreed to amend certain provisions of the Loan Agreement, but, in each case, only to the extent and subject to the limitations set forth in this Third Amendment.

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

ARTICLE II – AMENDMENTS

2.1 Third Amendment Loan

(a) The first recital in the Statement of Purpose is hereby deleted in its entirety and replaced with the following:

"**WHEREAS**, the Borrowers have requested, and the Lenders have agreed, subject to the terms and conditions of this Agreement, to make term loans from time to time in the aggregate principal amount equal to the Maximum Amount (the "**Loans**"); and"

(b) Section 1.1 of the Loan Agreement is hereby amended by adding the following defined terms:

"**OG DNA Genetics Inc. Share Purchase**" means the acquisition by MJAR Holdings Corp. of 6,000,000 common shares in the capital of OG DNA Genetics Inc. at a purchase price of US$1.00 per share, pursuant to the terms of that certain Subscription Agreement for Common Shares entered into as of November 10, 2018.

"**Third Amendment Maximum Amount**" means CDN $8,121,184.00.

"**Third Amendment Date**" means November 15, 2018.

"**Third Amendment Loan**" shall have the meaning given to it in Section 2.1 of the Loan Agreement.

"**Third Amendment to Loan Agreement**" means that certain Third Amendment to Loan Agreement, dated as of the Third Amendment Date.

(c) The defined terms "Maximum Amount" and "Maximum US Amount" in Section 1.1 of the Loan Agreement are each hereby deleted in their entirety and replaced with the following:

""**Maximum Amount**" means $50,206,271.00.

""**Maximum US Amount**" means an amount equal to the Maximum Amount."

(d) Section 2.1 of the Loan Agreement is hereby amended by adding the following at the end of such Section:

"In addition to the Loans funded by the Lenders on the Closing Date and the Second Amendment Date, the Lenders shall make an additional Loan to the Borrowers (the "**Third Amendment Loan**") on the Third Amendment Date, in the amount of the Third Amendment Maximum Amount, which Loan (for greater certainty) is included in the Maximum US Amount and the Maximum Amount. Notwithstanding any other provision of this Agreement, the outstanding principal amount of the Third Amendment Loan and all accrued unpaid interest in respect

thereof shall be due on the earliest to occur of request from the Agent and the Maturity Date."

(e) A new Section 6.21 is added to the Loan Agreement as follows:

> In addition to the other covenants of the Borrowers provided in this Agreement the Borrowers, jointly and severally, covenant to the Agent and the Lenders as follows:
>
> > (a) Notwithstanding Section 6.2(a) of this Agreement, the Third Amendment Loan shall be used by the Borrowers for the following purposes only:
> >
> > i. the Canadian equivalent of US$6,000,000 shall be used by the Borrowers, or any of them, to fund the OG DNA Genetics Inc. Share Purchase in its entirety;
> >
> > ii. the remaining balance of the Third Amendment Loan shall be used by the Borrowers to pay for any legal, transactional and other costs (including, without limitation, any work fee payable by the Borrowers to the Agent and/or Lenders) associated with the OG DNA Genetics Inc. Share Purchase.

(f) Section 7.5(g) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"(g) the Permitted Acquisitions, the Cheyenne Property Acquisition, the F&L Acquisition, the F&L Loan, the F&L Debt Purchase, and the OG DNA Genetics Inc. Share Purchase.".

ARTICLE III – REPRESENTATIONS AND WARRANTIES

3.1 Each of the Borrowers hereby represents and warrants to the Agent and the Lenders that:

(a) it has the power and capacity to enter into and perform this Third Amendment and has taken all necessary action to authorize the execution, delivery and performance of this Third Amendment to the Loan Agreement;

(b) this Third Amendment has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it and is enforceable against it, in accordance with its terms;

(c) the representations and warranties of such Borrower contained in the Loan Agreement (as amended by this Third Amendment) are true, complete, correct and not misleading on the date hereof to the same extent as though made on and as of this date;

(d) such Borrower is in full compliance with all of its covenants in the Loan Agreement (as amended by this Third Amendment) and each Loan Document; and

(e) as at the Third Amendment Date, there is no Default or Event of Default that is continuing or that would result from the completion of the transactions contemplated by this Third Amendment.

ARTICLE IV – FEES

5.1 In consideration for the Agent and the Lenders entering into this Third Amendment, the Borrowers shall pay to the Agent (on behalf of the Lenders) the following:

(a) Work Fee: a non-refundable work fee (the "**Work Fee**") in an amount equal to 2% of the Third Amendment Maximum Amount, plus applicable taxes, which fee shall be fully earned, due and payable on the Third Amendment Date from the proceeds of the first advance of the Third Amendment Loan.

ARTICLE V – CONDITIONS TO EFFECTIVENESS

5.1 This Third Amendment shall become effective upon the Agent receiving the following:

(a) a copy of this Third Amendment, duly executed by all parties hereto; and

(b) payment of the Work Fee and all other fees and reimbursable expenses which are payable by the Borrowers in connection with this Third Amendment.

ARTICLE VI – REAFFIRMATION OF OBLIGATIONS

6.1 Each of the Borrowers confirms that its Obligations remain in full force and effect after giving effect to the amendments provided for herein.

ARTICLE VII – NO OTHER WAIVER OR AMENDMENT

7.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Loan Agreement is intended or implied. This Third Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VIII – MISCELLANEOUS

8.1 This Third Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

8.2 All costs incurred by the Agent in preparing this Third Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrowers and shall form part of the Obligations secured by the Collateral Documents.

8.3 This Third Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

8.4 This Third Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Third Amendment as of the date first above written.

Agent:

BRIDGING FINANCE INC., as Agent

By: DocuSigned by: Graham Marr
Name: Graham Marr
Title: Portfolio Manager

By: _____
Name:
Title:

Lenders:

BRIDGING FINANCE INC., as Lender

By: DocuSigned by: Graham Marr
Name: Graham Marr
Title: Portfolio Manager

Borrowers:

MJAR HOLDINGS CORP.

By: _____
Name:
Title:

MJARDIN CAPITAL, LLC

By: _____
Name:
Title:

The parties have executed this Third Amendment as of the date first above written.

Agent:

BRIDGING FINANCE INC., as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

Lenders:

BRIDGING FINANCE INC., as Lender

By: _____
Name:
Title:

Borrowers:

MJAR HOLDINGS CORP.

By: DocuSigned by: _____
10AA4B61E1074FC...
Name: Rishi Gautam
Title: Manager

MJARDIN CAPITAL, LLC

By: DocuSigned by: _____
10AA4B61E1074FC...
Name: Rishi Gautam
Title: Manager

6100 E. 48TH AVE., LLC

By: DocuSigned by: 10AA4B61E1074FC...

Name: Rishi Gautam

Title: Manager

MJARDIN MANAGEMENT, LLC

By: DocuSigned by: 10AA4B61E1074FC...

Name: Rishi Gautam

Title: Manager

MJARDIN SERVICES INC.

By: DocuSigned by: 10AA4B61E1074FC...

Name: Rishi Gautam

Title: Manager

MJARDIN MANAGEMENT COLORADO, LLC

By: DocuSigned by: 10AA4B61E1074FC...

Name: Rishi Gautam

Title: Manager

MJARDIN MANAGEMENT NEVADA, LLC

By: DocuSigned by: 10AA4B61E1074FC...

Name: Rishi Gautam

Title: Manager

MJARDIN MANAGEMENT FLORIDA, LLC

By: DocuSigned by: 10AA4B61E1074FC...

Name: Rishi Gautam

Title: Manager

MJARDIN MANAGEMENT MASSACHUSETTS, LLC

By: DocuSigned by: _____
10AA4B61E1074FC...

Name: Rishi Gautam
Title: Manager

MJARDIN MANAGEMENT OHIO, INC.

By: DocuSigned by: _____
10AA4B61E1074FC...

Name: Rishi Gautam
Title: Manager

BUDDY BOY BRANDS HOLDINGS, LLC

By: DocuSigned by: _____
10AA4B61E1074FC...

Name: Rishi Gautam
Title: Manager

BUDDY BOY BRANDS, LLC

By: DocuSigned by: _____
10AA4B61E1074FC...

Name: Rishi Gautam
Title: Manager

5040 YORK, LLC

By: DocuSigned by: _____
10AA4B61E1074FC...

Name: Rishi Gautam
Title: Manager

2426 S. FEDERAL, LLC

By: DocuSigned by: _____
10AA4B61E1074FC...

Name: Rishi Gautam
Title: Manager

EC CONSULTING, LLC

By: DocuSigned by: _____
10AA4B61E1074FC...

Name: Rishi Gautam
Title: Manager

5421 E. CHEYENNE REAL ESTATE LLC

By: DocuSigned by:
10AA4B61E1074FC...

Name: Rishi Gautam
Title: Manager

MJARDIN CHEYENNE HOLDINGS, LLC

By: DocuSigned by:
10AA4B61E1074FC...

Name: Rishi Gautam
Title: Manager

FOURTH AMENDMENT TO LOAN AGREEMENT

EXECUTED by the parties hereto as of the 29th day of May, 2019.

WHEREAS MJAR HOLDINGS CORP. (successor by amalgamation to MJAR HOLDINGS, LLC), MJARDIN CAPITAL, LLC, 6100 E. 48TH AVE., LLC, MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, MJARDIN MANAGEMENT FLORIDA, LLC, MJARDIN MANAGEMENT MASSACHUSETTS, LLC, MJARDIN MANAGEMENT OHIO, INC., BUDDY BOY BRANDS HOLDINGS, LLC, BUDDY BOY BRANDS, LLC, 5040 YORK, LLC, 2426 S. FEDERAL, LLC, EC CONSULTING, LLC, 5421 E. CHEYENNE REAL ESTATE LLC, and MJARDIN CHEYENNE HOLDINGS, LLC, as borrowers (collectively, the "**Borrowers**") and Bridging Finance Inc., as agent (in such capacity, the "**Agent**") and as lender (in such capacity, the "**Lender**"), are parties to a loan agreement dated as of December 29, 2017, as amended pursuant to (i) a First Amendment to Loan Agreement and Confirmation dated as of July 23, 2018 a (ii) a Second Amendment to Loan Agreement dated as of August 27, 2018, and (iii) a Third Amendment to Loan Agreement dated as of November 15, 2018 (and as further amended, restated, supplemented or otherwise modified from time to time, collectively, the "**Loan Agreement**").

AND WHEREAS in connection with this Fourth Amendment, the parties hereto have agreed to amend certain provisions of the Loan Agreement, but, in each case, only to the extent and subject to the limitations set forth in this Fourth Amendment.

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

ARTICLE II – AMENDMENTS

2.1 Fourth Amendment Loan

(a) Section 1.1 of the Loan Agreement is hereby amended by adding the following defined terms:

"**Fourth Amendment Maximum Amount**" means CDN $3,000,000

"**Fourth Amendment Date**" means May 29, 2019.

"**Fourth Amendment Loan**" shall have the meaning given to it in Section 2.1 of the Loan Agreement.

"**Fourth Amendment to Loan Agreement**" means that certain Fourth Amendment to Loan Agreement, dated as of the Fourth Amendment Date.

(b) The definition of "Maximum Amount" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

""**Maximum Amount**" means $53,206,271.00"

(c) Section 2.1 of the Loan Agreement is hereby amended by adding the following at the end of such Section:

"In addition to the Loans funded by the Lenders on the Closing Date, the Second Amendment Date, and the Third Amendment Date, the Lenders shall make an additional Loan to the Borrowers (the "**Fourth Amendment Loan**") on the Fourth Amendment Date, in the amount of the Fourth Amendment Maximum Amount, which Loan (for greater certainty) is included in the Maximum US Amount and the Maximum Amount. The Fourth Amendment Loan and all accrued unpaid interest in respect thereof shall be due on the Maturity Date."

(d) A new Section 6.21(b) is added to the Loan Agreement as follows:

(b) Notwithstanding Section 6.2(a) of this Agreement, the Fourth Amendment Loan shall be used by the Borrowers for general corporate purposes and working capital needs.

2.2 Amendment to Maturity Date

Section 3.2(b) of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

"(b) Maturity Date: The Borrowers shall repay the Loans to the Lenders on April 23, 2021 (the "**Maturity Date**"), by payment in cash in full of the entire outstanding principal balance thereof, plus all unpaid interest accrued thereon through the date of repayment, plus all outstanding and unpaid fees and expenses payable to the Lenders under the Loan Documents through the date of repayment."

2.3 Amendment to Demand Nature of Obligations

When the Loan Agreement was entered into the parties agreed that the Agent could at any time, and irrespective of the occurrence or continuance of an Event of Default, accelerate all Obligations and require the Borrower to immediately repay all Obligations (including all outstanding interest and principal) to the Agent. The parties now desire that all references in the Loan Agreement to the right of the Agent to accelerate Obligations and or make demand therefor at will, shall be read to give to the Agent the limited right to only accelerate Obligations (including, without limitation, all outstanding principal and interest) and make demand therefor only during the continuance of an Event of Default. Accordingly, the parties hereto agree that, notwithstanding anything to the contrary contained in the Loan Agreement or otherwise, the Agent and the Lenders may only accelerate and/or make demand for payment of any Obligations upon and during the continuance of an Event of Default and the Loan Agreement is hereby

amended as necessary in order to give effect to such agreement.

2.4 Change to Interest Rate

The defined term "Applicable Interest Rate" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

> ""**Applicable Interest Rate**" means a floating rate per annum, calculated and automatically reset on a daily basis, equal to the sum of (i) BNS Prime plus (ii) nine and fifty-five one hundredths percent (9.55%)."

2.5 Change to Repayment of Interest

Section 3.1(a) of Loan Agreement is hereby amended replacing the portion of that Section from and after the words "On the last day of each month..." with the following:

> "The Agent shall provide the Borrowers with an invoice indicating the amount of each required monthly interest payment. On the first Business Day of each month in which the Loans are outstanding, the Borrowers shall pay in arrears in cash by automatic bank draft to an account designated in writing by the Agent all accrued interest on the outstanding principal amount of the Loans. All accrued and unpaid interest thereon shall be due and payable on the earliest to occur of (i) the Maturity Date, (ii) the repayment by the Borrowers of any other principal amounts due in respect of this Agreement, and (iii) the date of any Liquidity Event. If any date on which interest is to be paid is not a Business Day, such interest shall be paid on the next succeeding Business Day to occur after such date (each date upon which interest shall be so payable, an "**Interest Payment Date**")."

2.6 Change to Repayment of Principal

Section 3.2(a) of Loan Agreement is hereby deleted in its entirety and replaced with the following:

> "Scheduled Repayments. Other than on account of demand during the continuance of an Event of Default, repayments of outstanding principal amounts of the Facility shall be payable on the first Business Day of each month in an amount based on a straight line amortization that would result in outstanding principal amount of the Facility being repaid in full on the date that is five years from June 30, 2020 (the "**Amortization Zero Date**"). The first principal payment shall be due and payable on July 1, 2020. The Agent shall provide the Borrowers with an invoice indicating the amount of each required monthly principal payment, and outline the Agent's account to which such payment is to be made. With regard to additional Loan advances made on the Facility following the Fourth Amendment Date, the Agent shall recalculate the amortization schedule for principal repayments, which shall continue to be based on the Amortization Zero Date, and provide the Borrowers with prompt written notice of any recalculated principal repayments. The final scheduled installment of Loans shall, in any event, be in an amount equal to the entire remaining balance of the Loans."

2.7 Financial Covenants

A new Section 7.24 is hereby added to the Loan Agreement as follows:

"7.24 Financial Covenants

"For the purposes of this Section:

"**Consolidated Interest Expense**" means, for any Reference Period, with respect to Parent and its Subsidiaries on a consolidated basis, total interest expense (including that portion attributable to capitalized interest and capital leases in accordance with GAAP), premium payments, debt discount, fees, charges and related expenses with respect to all outstanding indebtedness of Parent and its Subsidiaries, in each case whether or not paid in cash during such period.

"**Consolidated Net Income**" of a Person for any Reference Period, means the consolidated net income (or loss) of the Person and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"**EBITDA**" means, for any Reference Period, in respect of Parent on a consolidated basis, the Consolidated Net Income of Parent for such period, plus (to the extent deducted in the calculation of Consolidated Net Income, and without duplication) (a) the Consolidated Interest Expense of Parent, (b) net income tax expense for such period determined on a consolidated basis in accordance with GAAP, (c) depreciation and amortization for such period determined on a consolidated basis in accordance with GAAP, (d) any extraordinary, unusual or non-recurring items reducing Consolidated Net Income for such period, and (e) any non-cash items reducing Consolidated Net Income for such period; minus (i) any extraordinary, unusual, or non-recurring items increasing Consolidated Net Income for such period, and (ii) any non-cash items increasing Consolidated Net Income for such period.

"**Fixed Charge Coverage Ratio**" means, for any Reference Period, with respect to Parent on a consolidated basis, the ratio of (a) EBITDA for such period, minus capital expenditures for such period to (b) the sum of: (i) Consolidated Interest Expense, plus (ii) tax expenses paid in cash for such period, plus (iii) scheduled debt amortization payments or redemptions (as initially scheduled on the incurrence of such debt) for such period, plus (iv) rentals payable under leases of real and personal property for such period (without duplication of items included in Consolidated Interest Expense).

"**Financial Ratios**" means, collectively, the Senior Leverage Ratio and the Fixed Charge Coverage Ratio.

"**Reference Period**" means, at any date of determination, the most recently completed three (3) fiscal month period of Parent;

"**Senior Debt**" means, as of the time of determination, the principal amount of the Borrowers' indebtedness to the Lenders under this Agreement or any other Loan Document.

"**Senior Leverage Ratio**" means, for any Reference Period, the ratio of Senior Debt as at the end of the Reference Period to EBITDA for such Reference Period; provided that, for the purposes of calculating this ratio, the EBITDA during such three month Reference Period shall be multiplied by four (4) in order to obtain an annualized value.

The parties hereto agree that:

(a) The Senior Leverage Ratio shall commence testing for the Reference Period ending March 31, 2020, and as of such date of determination and at all times thereafter shall be less than 4.5:1.

(b) The Fixed Charge Coverage Ratio shall commence testing for the Reference Period ending December 31, 2019, and as of such date of determination and at all times thereafter shall be greater than 1.2:1.

(c) Subject to the commencement dates for testing each of the financial covenant ratios set out above, Parent agrees to deliver to the Agent, on or prior to the date that is fifteen (15) days after the end of each of its fiscal quarters, a certification, in form and substance satisfactory to the Agent, signed by a senior officer of Parent (including without limitation the CFO), setting out the calculation of the Senior Leverage Ratio and Fixed Charge Coverage Ratio for the Reference Period (as applicable) ending on the last day of the most recently completed fiscal quarter and confirming compliance with the terms of this Agreement.

ARTICLE III – REPRESENTATIONS AND WARRANTIES

3.1 Each of the Borrowers hereby represents and warrants to the Agent and the Lenders that:

(a) it has the power and capacity to enter into and perform this Fourth Amendment and has taken all necessary action to authorize the execution, delivery and performance of this Fourth Amendment to the Loan Agreement;

(b) this Fourth Amendment has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it and is enforceable against it, in accordance with its terms;

(c) the representations and warranties of such Borrower contained in the Loan Agreement (as amended by this Fourth Amendment) are true, complete, correct and not misleading on the date hereof to the same extent as though made on and as of this date; provided, however, that with regard to matters set out in any schedules to the Loan Agreement, the Borrowers shall be permitted to provide the Agent with updated copies of any such schedules (as applicable) in order to ensure the accuracy of the contents thereof, within thirty (30) days of the date of this Fourth Amendment;

(d) such Borrower is in full compliance with all of its covenants in the Loan Agreement (as amended by this Fourth Amendment) and each Loan Document; and

(e) as at the Fourth Amendment Date, there is no Default or Event of Default that is continuing or that would result from the completion of the transactions contemplated by this Fourth Amendment.

ARTICLE IV – FEES

4.1 In consideration for the Agent and the Lenders entering into this Fourth Amendment, the Borrowers shall pay to the Agent (on behalf of the Lenders) the following:

(a) Work Fee: a non-refundable work fee (the "**Work Fee**") in an amount equal to $105,000 plus applicable taxes, which fee shall be fully earned, due and payable on the Fourth Amendment Date from the proceeds of the first advance of the Fourth Amendment Loan.

ARTICLE V – CONDITIONS TO EFFECTIVENESS

5.1 This Fourth Amendment shall become effective upon the Agent receiving the following:

(a) a copy of this Fourth Amendment, duly executed by all parties hereto; and

(b) payment of the Work Fee and all other fees and reimbursable expenses which are payable by the Borrowers in connection with this Fourth Amendment.

ARTICLE VI – REAFFIRMATION OF OBLIGATIONS

6.1 Each of the Borrowers confirms that its Obligations remain in full force and effect after giving effect to the amendments provided for herein.

ARTICLE VII – NO OTHER WAIVER OR AMENDMENT

7.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Loan Agreement is intended or implied. This Fourth Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VIII – MISCELLANEOUS

8.1 This Fourth Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

8.2 All costs incurred by the Agent in preparing this Fourth Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrowers and shall form part of the Obligations secured by the Collateral Documents.

8.3 This Fourth Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

8.4 This Fourth Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Fourth Amendment as of the date first above written.

Agent:

BRIDGING FINANCE INC., as Agent

By: _____
Name: Natasha Sharpe
Title: Chief Investment Officer

By: _____
Name: ELIAN CHAMP
Title: PORTFOLIO MANAGER

Lenders:

BRIDGING FINANCE INC., as Lender

By: _____
Name: Natasha Sharpe
Title: Chief Investment Officer

Borrowers:

MJAR HOLDINGS CORP.

By: _____
Name:
Title:

MJARDIN CAPITAL, LLC

By: _____
Name:
Title:

6100 E. 48TH AVE., LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT, LLC

By: _____
Name:
Title:

MJARDIN SERVICES INC.

By: _____
Name:
Title:

MJARDIN MANAGEMENT COLORADO, LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT NEVADA, LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT FLORIDA, LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT MASSACHUSETTS, LLC

By: _____
Name:
Title:

MJARDIN MANAGEMENT OHIO, INC.

By: _____
Name:
Title:

BUDDY BOY BRANDS HOLDINGS, LLC

By: _____
Name:
Title:

BUDDY BOY BRANDS, LLC

By: _____
Name:
Title:

5040 YORK, LLC

By: _____
Name:
Title:

2426 S. FEDERAL, LLC

By: _____
Name:
Title:

EC CONSULTING, LLC

By: _____
Name:
Title:

5421 E. CHEYENNE REAL ESTATE LLC

By: _____

Name:

Title:

MJARDIN NEVADA HOLDINGS, INC.

By: _____

Name:

Title:

FIFTH AMENDMENT TO LOAN AGREEMENT

EXECUTED by the parties hereto as of the 29th day of April, 2020.

WHEREAS MJAR HOLDINGS CORP. (successor by amalgamation to MJAR HOLDINGS, LLC), MJARDIN CAPITAL, LLC, 6100 E. 48TH AVE., LLC, MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, MJARDIN MANAGEMENT FLORIDA, LLC, MJARDIN MANAGEMENT MASSACHUSETTS, LLC, MJARDIN MANAGEMENT OHIO, INC., BUDDY BOY BRANDS HOLDINGS, LLC, BUDDY BOY BRANDS, LLC, 5040 YORK, LLC, 2426 S. FEDERAL, LLC, EC CONSULTING, LLC, 5421 E. CHEYENNE REAL ESTATE LLC, and MJARDIN CHEYENNE HOLDINGS, LLC, as borrowers (collectively, the "**Borrowers**") and Bridging Finance Inc., as agent (in such capacity, the "**Agent**") and as lender (in such capacity, the "**Lender**"), are parties to a loan agreement dated as of December 29, 2017, as amended pursuant to (i) a First Amendment to Loan Agreement and Confirmation dated as of July 23, 2018 a (ii) a Second Amendment to Loan Agreement dated as of August 27, 2018 (the "**Second Amendment**"), (iii) a Third Amendment to Loan Agreement dated as of November 15, 2018, and (iv) a Fourth Amendment to Loan Agreement (the "**Fourth Amendment**") dated as of May 29, 2019 (and as further amended, restated, supplemented or otherwise modified from time to time, collectively, the "**Loan Agreement**").

AND WHEREAS, as of April 1, 2020 principal in the amount of $26,642,656.99 is outstanding in respect of the Loan Agreement;

AND WHEREAS, as of April 1, 2020 interest in the amount of $884,261.36 in respect of the Loan Agreement was outstanding and payable (the "**Outstanding Interest**"), and accruing interest from the date it was respectively due and payable;

AND WHEREAS in connection with this Fifth Amendment, the parties hereto have agreed to amend certain provisions of the Loan Agreement, but, in each case, only to the extent and subject to the limitations set forth in this Fifth Amendment.

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

ARTICLE I –INTERPRETATION

1.1 All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

ARTICLE II –AMENDMENTS

2.1 Fifth Amendment Loan

(a) Section 1.1 of the Loan Agreement is hereby amended by adding the following defined terms:

"**Fifth Amendment Maximum Amount**" means CDN $7,000,000

"**Fifth Amendment Date**" means April 24, 2020.

"**Fifth Amendment Loan**" shall have the meaning given to it in Section 2.1 of the Loan Agreement.

"**Fifth Amendment to Loan Agreement**" means that certain Fifth Amendment to Loan Agreement, dated as of the Fifth Amendment Date.

(b) The definition of "Maximum Amount" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

""**Maximum Amount**" means $60,206,271.00."

(c) Section 2.1 of the Loan Agreement is hereby amended by adding the following at the end of such Section:

"In addition to the Loans funded by the Lenders on the Closing Date, the Second Amendment Date, and the Third Amendment Date, and in addition to the Fourth Amendment Loan (which loans are intended to be Loans), the Lenders shall make an additional Loans to the Borrowers (collectively the "**Fifth Amendment Loans**") in accordance with the following schedule: (i) on the Fifth Amendment Date, three million dollars ($3,000,000),(ii) on May 29, 2020, two million dollars ($2,000,000), and (iii) on fifteen days prior written notice to the Agent, and at the sole and absolute discretion of the Agent, or more further Loans which shall not, in the aggregate, exceed two million dollars ($2,000,000). Interest shall accrue on the Fifth Amendment Loans at an annual interest rate equal to the Applicable Interest Rate. For greater certainty, at no time shall the principal amount of all Fifth Amendment Loans outstanding exceed the sum of the Fifth Amendment Maximum Amount plus all capitalized interest in respect thereof. All Fifth Amendment Loans shall be included in the Maximum US Amount and the Maximum Amount. Additionally, for greater certainty and notwithstanding the foregoing, during the continuance of an Event of Default the Agent and the Lenders shall not be obligated to fund any Fifth Amendment Loan. The Fifth Amendment Loans and all accrued unpaid interest in respect thereof shall be due on the earlier of demand and the Maturity Date."

(d) A new Section 6.21(c) is added to the Loan Agreement as follows:

(c) Notwithstanding Section 6.2(a) of this Agreement, the Fifth Amendment Loan shall be used by the Borrowers for general corporate purposes and working capital needs.

2.2 Change to Repayment of Interest

Section 3.1(a) of Loan Agreement is hereby amended replacing the portion of that Section from and after the words "On the last day of each month..." with the following:

"For the period from the Fifth Amendment Date up to and including December 31, 2020, on the first Business Day of each month in which the Loans are outstanding, the accrued and unpaid interest for the immediately prior month (the "**Monthly Interest Payment Amount**") shall be added to the principal amount of the Loans and shall bear interest from such date. On and after January 1, 2021 the Borrowers shall, on the first Business Day of each calendar month pay the Monthly Interest Payment Amount in cash by automatic bank draft to an account designated in writing by the Agent. All accrued and unpaid interest on the Loans shall be due and payable on the earliest to occur of (i) the Maturity Date, (ii) the repayment by the Borrowers of any other principal amounts due in respect of this Agreement, and (iii) the date of any Liquidity Event. If any date on which interest is to be paid is not a Business Day, such interest shall be paid on the next succeeding Business Day to occur after such date (each date upon which interest shall be so payable, an "**Interest Payment Date**")."

2.3 Change to Repayment of Principal

Section 3.2(a) of Loan Agreement is hereby deleted in its entirety and replaced with the following:

"Scheduled Repayments. Other than on account of demand during the continuance of an Event of Default (or demand at will in respect of amounts (whether principal, interest or any other amounts) owing in respect of the Fifth Amendment Loan), all outstanding principal on the Loans shall be due and payable in cash in full on the Maturity Date.

2.4 Amendment to Demand Nature of Obligations

When the Loan Agreement was entered into the parties agreed that the Agent could at any time, and irrespective of the occurrence or continuance of an Event of Default, accelerate all Obligations and require the Borrower to immediately repay all Obligations (including all outstanding interest and principal) to the Agent. This concept was amended in accordance with the terms of the Fourth Amendment so as to provide that demand and acceleration in respect of the Obligations could only be made upon the occurrence and during the continuance of an Event of Default. Notwithstanding the terms of the Fourth Amendment, the parties now desire to further amend the Loan Agreement such that, notwithstanding anything to the contrary, the Agent shall have the right to make demand and accelerate payment of the Obligations only as follows: (a) with regard to amounts (whether principal, interest or any other amounts) owing in respect of the Fifth Amendment Loan such amounts are due and payable upon demand by, and in the sole and absolute discretion of, the Agent; and (b) with regard to all other amounts (whether principal, interest or any other amounts) owing in respect of any outstanding Loans (other than the Fifth Amendment Loan), the Agent may make demand and accelerate payment of the same only upon the occurrence and during the continuance of an Event of Default. For greater certainty, it shall be an immediate Event of Default should the Borrower fail to pay all amounts owing in respect of the Fifth Amendment Loan following any demand therefor by the Agent. The parties hereto agree the Loan Agreement is hereby amended as necessary in order to give effect to the provisions of this Section .2.4.

2.5 Replacement of Schedules

The Borrowers hereby agree to deliver to the Agent on or before May 1, 2020, revised schedules to the Loan Agreement together with blacklines of such schedules to the last versions delivered to

the Agent and/or its counsel and to promptly do all acts and things required by the Agent, and advised in writing to the Borrowers, to (a) ensure that all entities that are required to be Borrowers pursuant to the terms of the Loan Agreement are parties and signatories to the Loan Agreement and all other Loan Documents (either directly or by joinder) including all Security Agreements, and (b) ensure that all registrations necessary or desirable for the Agent and the Lenders to have a perfected security interest in the assets of all such required Borrowers have been validly performed. Failure of the Borrowers to comply with this Section 2.3, unless otherwise waived or extended in writing by the Agent, shall be an immediate Event of Default.

ARTICLE III –RESERVATION OF RIGHTS

Neither this letter nor any of the Agent's or any Lender's failures to exercise any of their respective rights and remedies as provided in the Loan Agreement or any other Loan Document or otherwise to take action in consequence of such Events of Default, shall in any way be interpreted or construed as (i) a waiver of any Events of Default \which may have occurred or are continuing as of the date of this letter or which may occur after the date of this letter or (ii) as an agreement on the Agent or any Lender's part to waive from exercising any of its rights or remedies at any time or (iii) any amendment to any of the Loan Agreement or the other Loan Documents.

For greater certainty, the Agent, on behalf of itself and the Lenders, hereby expressly reserves all of their rights and remedies under the Loan Agreement or at law or in equity, including, without limitation, the right to accelerate all Obligations and demand immediate payment of the Obligations or to enforce any of the remedies available under the Loan Agreement or other Loan Documents. The Agent shall be entitled to take any steps it considers necessary or appropriate to protect or recover its position at any time without further notice except as mandated by law.

ARTICLE IV –REPRESENTATIONS AND WARRANTIES

4.1 Each of the Borrowers hereby represents and warrants to the Agent and the Lenders that:

(a) it has the power and capacity to enter into and perform this Fifth Amendment and has taken all necessary action to authorize the execution, delivery and performance of this Fifth Amendment to the Loan Agreement;

(b) this Fifth Amendment has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it and is enforceable against it, in accordance with its terms;

(c) the representations and warranties of such Borrower contained in the Loan Agreement are true, complete, correct and not misleading on the date hereof to the same extent as though made on and as of this date other than as will be set out in the replacement schedules referenced in Section 2.5 of this Fifth Amendment; and

(d) there are no Events of Default that would result from the completion of the transactions contemplated by this Fifth Amendment, and as at the Fifth Amendment Date, other than in respect of facts, circumstances and omissions in respect of which

the Agent has knowledge, there are no Defaults or Events of Default that are continuing.

ARTICLE V –FEES

5.1 In consideration for the Agent entering into this Fifth Amendment, the Borrowers shall pay to the Agent (on behalf of the Lenders) the following:

(a) Amendment Fee: a non-refundable amendment fee (the "**Amendment Fee**") in an amount equal to $350,000 plus applicable taxes, which fee shall be fully earned, due and payable on the Fifth Amendment Date from the proceeds of the first advance of the Fifth Amendment Loan.

ARTICLE VI –CONDITIONS TO EFFECTIVENESS

6.1 This Fifth Amendment shall become effective upon the Agent receiving the following:

(a) a copy of this Fifth Amendment, duly executed by all parties hereto;

(b) receipt by the Agent, on form satisfactory to the Agent, of a guarantee from each of the Borrowers of the obligations of GROWFORCE HOLDINGS INC. ("**Growforce**"), to the Agent and the Lenders pursuant to that letter loan agreement between Growforce and the Agent and one or more of the Lenders dated June 13, 2018 as amended by a First Amendment to Amended and Restated Letter Loan Agreement dated as of July 23, 2018, a Second Amendment to Amended and Restated Letter Loan Agreement dated as of July 27, 2018, a Third Amendment to Amended and Restated Letter Loan Agreement dated as of November 6, 2018, a Fourth Amendment to Amended and Restated Letter Loan Agreement dated as of December 11, 2018, and a Fifth Amendment to Amended and Restated Letter Loan Agreement dated May 29, 2019, as the same may be further amended, restated, supplemented or otherwise modified from time to time (the "**Growforce Loan Agreement**"); and

(c) receipt by the Agent, on form satisfactory to the Agent, of a guarantee from each of the Obligors (as such term is defined in the Growforce Loan Agreement) of the obligations of the Borrowers to the Agent and the Lenders in respect of the Loan Agreement;

(d) payment of the Amendment Fee and all other fees and reimbursable expenses which are payable by the Borrowers in connection with this Fifth Amendment.

ARTICLE VII –REAFFIRMATION OF OBLIGATIONS

7.1 Each of the Borrowers confirms that its Obligations remain in full force and effect after giving effect to the amendments provided for herein.

ARTICLE VIII –NO OTHER WAIVER OR AMENDMENT

8.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Loan Agreement is intended or implied. This Fifth Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE IX –MISCELLANEOUS

9.1 Upon the effectiveness of this Fifth Amendment, the Outstanding Interest and all accrued interest owing in respect of the Outstanding Interest shall be added to the principal amount of the Loans.

9.2 This Fifth Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

9.3 All costs incurred by the Agent in preparing this Fifth Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrowers and shall form part of the Obligations secured by the Collateral Documents.

9.4 This Fifth Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

9.5 This Fifth Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Fifth Amendment as of the date first above written.

Agent:

BRIDGING FINANCE INC., as Agent

By: _____

Name: Graham Marr
Title: Senior Managing Director

By: _____

Name:
Title:

Lenders:

BRIDGING FINANCE INC., as Lender

By: _____

Name: Graham Marr
Title: Senior Managing Director

Borrowers:

MJAR HOLDINGS CORP.

By: _____

Name:
Title:

MJARDIN CAPITAL, LLC

By: _____

Name:
Title:

The parties have executed this Fifth Amendment as of the date first above written.

Agent:

BRIDGING FINANCE INC., as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

Lenders:

BRIDGING FINANCE INC., as Lender

By: _____
Name:
Title:

Borrowers:

MJAR HOLDINGS CORP.

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

MJARDIN CAPITAL, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

6100 E. 48TH AVE., LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

MJARDIN MANAGEMENT, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

MJARDIN SERVICES INC.

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

MJARDIN MANAGEMENT COLORADO, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

MJARDIN MANAGEMENT NEVADA, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

MJARDIN MANAGEMENT FLORIDA, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

MJARDIN MANAGEMENT MASSACHUSETTS, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

MJARDIN MANAGEMENT OHIO, INC.

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

BUDDY BOY BRANDS HOLDINGS, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

BUDDY BOY BRANDS, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

5040 YORK, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

2426 S. FEDERAL, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

EC CONSULTING, LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

5421 E. CHEYENNE REAL ESTATE LLC

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

MJARDIN NEVADA HOLDINGS, INC.

By: Patrick Witcher
Name: Patrick Witcher
Title: CEO

SIXTH AMENDMENT TO AMENDED AND RESTATED LETTER LOAN AGREEMENT

EXECUTED by the parties hereto as of the 29th day of April, 2020.

WHEREAS MJARDIN GROUP, INC. (by joinder on or about the date hereof), GROWFORCE HOLDINGS INC., as borrower (the "**Borrower**"), GROWFORCE MANITOBA INC., GRAND RIVER ORGANICS INCORPORATED, HIGHGRADE MMJ CORPORATION and 8586985 CANADA CORPORATION, as guarantors (together with the Borrower, the "**Obligors**") entered into an amended and restated letter loan agreement with BRIDGING FINANCE INC., as agent (the "**Agent**"), and as lender, dated as of June 13, 2018 (the "**Amended Letter Loan Agreement**"), as amended by a First Amendment to Amended and Restated Letter Loan Agreement dated as of July 23, 2018, a Second Amendment to Amended and Restated Letter Loan Agreement dated as of July 27, 2018, a Third Amendment to Amended and Restated Letter Loan Agreement dated as of November 6, 2018, and a Fourth Amendment to Amended and Restated Letter Loan Agreement dated as of December 11, 2018 and a Fifth Amendment to Amended and Restated Letter Loan Agreement dated as of May 29, 2019 and as further amended, restated, supplemented or otherwise modified from time to time, collectively referred to herein as, the "**Growforce Loan Agreement**");

AND WHEREAS, as of April 1, 2020 principal in the amount of $102,632,265.10 is outstanding in respect of the Loan Agreement;

AND WHEREAS, as of April 1, 2020 interest in the amount of $3,420,603.35 in respect of the Loan Agreement was outstanding and payable (the "**Outstanding Interest**"), and accruing interest from the date it was respectively due and payable;

AND WHEREAS the parties hereto have agreed to further amend the Growforce Loan Agreement to the extent and subject to the limitations set forth in this Sixth Amendment to Amended and Restated Letter Loan Agreement (this "**Sixth Amendment**");

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

ARTICLE I – INTERPRETATION

1.1 All capitalized terms used in this Sixth Amendment and not otherwise defined herein shall have the meanings ascribed to such terms in the Growforce Loan Agreement.

ARTICLE II – AMENDMENTS

Change of Principal Amortization

2.1 The Section of the Growforce Loan Agreement entitled "Payments:" is hereby deleted in its entirety and replaced with the following:

> "**Payments:** Interest only at the aforesaid rate per annum, shall be calculated and accrue daily. Accrued interest for a given month is referred as the "**Monthly Interest Payment Amount**". For the period from April 29, 2020 to and including December 31, 2020 the Monthly Interest Payment amount for each month shall, on the first day of the next month, be added to the principal amount of the Obligations. Beginning on January 1, 2021, when the Monthly Interest Payment Amount for December 2020 shall be due and payable, and on the first Business Day of each calendar month thereafter the Monthly

Interest Payment Amount for the most recently completed calendar month shall be due and payable by the Borrower to the Agent. In each case, payments of interest and principal shall be due and payable by 3:00pm (Toronto time) on the day such payments are due or if received after 3:00 p.m. (Toronto time) shall be credited to the next Business Day and all such payments shall be made in cash by wire transfer. Other than on account of demand during the continuance of an Event of Default repayments of outstanding principal amounts of the Facility shall be payable on the Maturity Date.

ARTICLE III – CONDITIONS TO EFFECTIVENESS

3.1 This Sixth Amendment shall become effective upon the Borrower delivering to the Agent an executed copy of this Sixth Amendment.

ARTICLE IV – REAFFIRMATION OF OBLIGATIONS

4.1 Each of the Obligors:

(a) reaffirms its obligations under the Growforce Loan Agreement,

(b) confirms that its obligations remain in full force and effect with respect to the Growforce Loan Agreement and the other Credit Documents, and

(c) confirms the following:

(i) all of the representations and warranties of each Obligor contained in the Growforce Loan Agreement (including without limitations the representations and warranties contained in the schedules thereto) are true and correct in all material respects on and as of the date hereof as though made on and as of such date, other than: (i) those representations and warranties which relate to a specific date which continue to be true as of such date, and (ii) with regard to matters set out in any schedules to the Growforce Loan Agreement, the Borrower shall be permitted to provide the Agent with updated copies of any such schedules (as applicable) in order to ensure the accuracy of the contents thereof, within thirty (30) days of the date of this Sixth Amendment;

(ii) no event or condition has occurred and is continuing, or would result from the Advances contemplated by this Sixth Amendment, which constitutes or which, with notice, lapse of time, or both, would constitute a breach of any material covenant or other material term or condition of the Growforce Loan Agreement or the Security;

(iii) the Borrowing contemplated by this Sixth Amendment will not violate any Applicable Law (which for the purposes of the Growforce Loan Agreement means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction then in effect) other than any violation that would not reasonably be expected to have a Material Adverse Effect; and

(iv) there are no Events of Default that would result from the completion of the transactions contemplated by this Fifth Amendment, and as at the Fifth

Amendment Date, other than in respect of facts, circumstances and omissions in respect of which the Agent has knowledge, there are no Defaults or Events of Default that are continuing;

in each case after giving effect to the amendments provided for herein.

ARTICLE V – NO OTHER WAIVER OR AMENDMENT

5.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Growforce Loan Agreement is intended or implied. This Sixth Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE VI – MISCELLANEOUS

6.1 Upon the effectiveness of this Sixth Amendment, the Outstanding Interest and all accrued interest owing in respect of the Outstanding Interest shall be added to the principal amount of the Obligations.

6.2 This Sixth Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

6.3 All costs incurred by the Agent in preparing this Sixth Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrower and shall form part of the Obligations secured by the Security granted by the Borrower in favour of the Agent.

6.4 This Sixth Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

6.5 This Sixth Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Sixth Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name: Graham Marr
Title: Senior Managing Director

GROWFORCE HOLDINGS INC.

Per: _____
Name:
Title:
I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: _____
Name:
Title:
I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: _____
Name:
Title:
I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: _____
Name:
Title:
I have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: _____
Name:
Title:
I have authority to bind the corporation.

The parties have executed this Sixth Amendment as of the date first above written.

BRIDGING FINANCE INC., as Agent

Per: _____
Name:
Title:

GROWFORCE HOLDINGS INC.

Per: Patrick Witcher
Name: Patrick Witcher
Title: CEO
I have authority to bind the Corporation.

GROWFORCE MANITOBA INC.

Per: Patrick Witcher
Name: Patrick Witcher
Title: CEO
I have authority to bind the corporation.

8586985 CANADA CORPORATION

Per: Corey Goodman
Name: Corey Goodman
Title: Secretary
I have authority to bind the corporation.

GRAND RIVER ORGANICS INCORPORATED

Per: Corey Goodman
Name: Corey Goodman
Title: Secretary
I have authority to bind the corporation.

HIGHGRADE MMJ CORPORATION

Per: Corey Goodman
Name: Corey Goodman
Title: Secretary
I have authority to bind the corporation.

MJARDIN GROUP, INC.

Per: Patrick Witcher
Name: Patrick Witcher
Title: CEO
I have authority to bind the corporation.

SEVENTH AMENDMENT TO LOAN AGREEMENT

EXECUTED by the parties hereto as of the 29th day of April, 2021.

WHEREAS MJAR HOLDINGS CORP. (successor by amalgamation to MJAR HOLDINGS, LLC), MJARDIN CAPITAL, LLC ("Mjardin Capital"), MJARDIN MANAGEMENT, LLC, MJARDIN SERVICES INC., MJARDIN MANAGEMENT COLORADO, LLC, MJARDIN MANAGEMENT NEVADA, LLC, BUDDY BOY BRANDS HOLDINGS, LLC, BUDDY BOY BRANDS, LLC, 5040 YORK, LLC, 2426 S. FEDERAL, LLC, MJARDIN NEVADA HOLDINGS, INC., and EC CONSULTING, LLC, as borrowers and Bridging Finance Inc. as agent (the "**Agent**") and as lender, are parties to a loan agreement dated as of December 29, 2017, as amended pursuant to (i) a First Amendment to Loan Agreement and Confirmation dated as of July 23, 2018 a (ii) a Second Amendment to Loan Agreement dated as of August 27, 2018, (iii) a Third Amendment to Loan Agreement dated as of November 15, 2018, and (iv) a Fourth Amendment to Loan Agreement dated as of May 29, 2019; (v) a Fifth Amendment to Loan Agreement dated as of April 2020; and (vi) an Amendment and Waiver letter agreement dated as of September 29, 2020 (and as further amended, restated, supplemented or otherwise modified from time to time, collectively, the "**Loan Agreement**").

AND WHEREAS, as of April 1, 2021 principal in the amount of $38,638,568.59 is outstanding in respect of the Loan Agreement;

AND WHEREAS pursuant to the terms of a waiver and release agreement dated as of the same date as this Seventh Amendment, the Agent has agreed, subject to the conditions set out therein, to release all obligations of F&L Investments LLC, GreenMart of Nevada LLC, and MJardin Nevada Holdings, Inc. in connection with the Loan Agreement;

AND WHEREAS the Borrowers (as defined in the Loan Agreement) have requested that the Lenders (as defined in the Loan Agreement) make additional funds available to them for borrowing;

AND WHEREAS in connection with this Seventh Amendment, the parties hereto have agreed to amend certain provisions of the Loan Agreement, but, in each case, only to the extent and subject to the limitations set forth in this Seventh Amendment.

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

ARTICLE I –INTERPRETATION

1.1 All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

ARTICLE II –AMENDMENTS

2.1 Seventh Amendment Loan

(a) Section 1.1 of the Loan Agreement is hereby amended by adding the following defined terms:

"**Seventh Amendment Maximum Amount**" means $5,326,525

"**Seventh Amendment Date**" means April 29, 2021.

"**Seventh Amendment to Loan Agreement**" means that certain Seventh Amendment to Loan Agreement, dated as of the Seventh Amendment Date.

(b) The definition of "Maximum Amount" in Section 1.1 of the Loan Agreement is hereby deleted in its entirety and replaced with the following:

""**Maximum Amount**" means $38,638,568.59**"**

(c) Section 2.1 of the Loan Agreement is hereby amended by adding the following at the end of such Section:

"In addition to the Loans funded by the Lenders on the Closing Date, the Second Amendment Date, and the Third Amendment Date, and in addition to the Fourth Amendment Loan and the Fifth Amendment Loan (which loans are intended to be Loans), the Lenders shall make an additional borrowing facility available to the Borrowers in an amount not to exceed the Seventh Amendment Maximum Amount (the "**Seventh Amendment Facility**") in accordance with the terms of this paragraph. The Borrowers, or any of them, may, from time to time by written notice to the Agent (which may be made by email), make a request to the Agent for an advance under the Seventh Amendment Facility (any such advance a "**Seventh Amendment Facility Advance**"). The Agent may request further information concerning the intended use of the requested Seventh Amendment Facility Advance proceeds, and other financial or other information concerning any Borrower. The Agent and the Lenders shall advance the requested funds provided that the intended use is reasonable from the perspective of the Agent in its sole and unfettered discretion having regarding to, among other things, the financial circumstances of the Borrowers. Notwithstanding any other term of this Agreement, the Seventh Amendment Facility shall be a demand facility, such that the Borrowers shall immediately repay the principal amount of all outstanding Seventh Amendment Facility Advances, together with all accrued interest thereon, immediately upon written demand therefor from the Agent, irrespective of whether a Default or Event of Default has occurred or is continuing, and failure of the Borrowers to satisfy such repayment obligation when due shall constitute an immediate Event of Default.

For greater certainty any Seventh Amendment Facility Advance shall be considered to be a Loan. Any Seventh Amendment Facility Advance, together with all accrued and unpaid interest associated therewith, may be repaid at any time without notice, bonus or penalty, provided that any repayment shall be applied to Obligations in respect of the Seventh Amendment Facility in the order determined by the Agent in its sole and absolute discretion.

Notwithstanding any other provision of this Agreement, interest shall accrue daily on all outstanding principal amounts in respect of any Seventh Amendment Facility Advance at an interest rate equal to fifteen percent (15%) per annum (the "**Seventh Amendment Facility Interest Rate**"). Notwithstanding Section 3.1(a), accrued and unpaid interest shall be capitalized, meaning added to the outstanding principal amount of the Seventh Amendment Facility and from such date (inclusive) bear interest at an annual interest rate equal to the Seventh Amendment Facility Interest Rate, on the first calendar day of each calendar month. For greater certainty, at no time shall the principal amount of all Seventh Amendment Facility Advances outstanding exceed the sum of the Seventh Amendment Maximum Amount plus all capitalized interest in respect thereof. The outstanding principal amount of all Seventh Amendment Facility Advances shall be included when determining the Maximum US Amount and the Maximum Amount. All principal and accrued and unpaid interest in respect of the Seventh Amendment Facility shall be due on the earlier of demand and the Maturity Date."

(d) A new Section 6.21(d) is added to the Loan Agreement as follows:

> "(d) Notwithstanding Section 6.2(a) of this Agreement, each Seventh Amendment Facility Advance shall be used by the Borrowers for general corporate purposes and working capital needs, or as otherwise required by the Agent as a condition to such Seventh Amendment Facility Advance."

2.2 Strategic Advisor

(a) A new Section 6.22 is hereby added to the Loan Agreement as follows:

> "The Borrowers shall on or prior to May 15, 2021 engage at the cost of the Borrowers, a strategic advisor on terms satisfactory to the Agent in its reasonable discretion. "

ARTICLE III –RESERVATION OF RIGHTS

Neither this letter nor any of the Agent's or any Lender's failures to exercise any of their respective rights and remedies as provided in the Loan Agreement or any other Loan Document or otherwise to take action in consequence of such Events of Default, shall in any way be interpreted or construed as (i) a waiver of any Events of Default which may have occurred or are continuing as of the date of this letter or which may occur after the

date of this letter or (ii) as an agreement on the Agent or any Lender's part to waive from exercising any of its rights or remedies at any time or (iii) except as explicitly provided herein, any amendment to any of the Loan Agreement or the other Loan Documents.

For greater certainty, the Agent, on behalf of itself and the Lenders, hereby expressly reserves all of their rights and remedies under the Loan Agreement or at law or in equity, including, without limitation, the right to accelerate all Obligations and demand immediate payment of the Obligations or to enforce any of the remedies available under the Loan Agreement or other Loan Documents. The Agent shall be entitled to take any steps it considers necessary or appropriate to protect or recover its position at any time without further notice except as mandated by law.

ARTICLE IV –REPRESENTATIONS AND WARRANTIES

4.1 Each of the Borrowers hereby represents and warrants to the Agent and the Lenders that:

(a) it has the power and capacity to enter into and perform this Seventh Amendment and has taken all necessary action to authorize the execution, delivery and performance of this Seventh Amendment to the Loan Agreement;

(b) the following entities that were previously Borrowers have been dissolved or wound up and no longer exist or are currently in process of dissolution: (a) Mjardin Holdings Florida, LLC, (b) Mjardin Management Massachusetts, LLC and (c) Mjardin Management Ohio, Inc..

(c) this Seventh Amendment has been duly executed and delivered by it and constitutes a legal, valid and binding obligation of it and is enforceable against it, in accordance with its terms;

(d) the representations and warranties of such Borrower contained in the Loan Agreement are true, complete, correct and not misleading on the date hereof to the same extent as though made on and as of this date;

(e) there are no Events of Default that would result from the completion of the transactions contemplated by this Seventh Amendment, and as at the Seventh Amendment Date, other than in respect of facts, circumstances and omissions in respect of which the Agent has knowledge, there are no Defaults or Events of Default that are continuing.

ARTICLE V –FEES

5.1 In consideration for the Agent entering into this Seventh Amendment, the Borrowers shall pay to the Agent (on behalf of the Lenders) the following:

(a) Amendment Fee: a non-refundable amendment fee (the "**Amendment Fee**") in an amount equal to $106,530.50 plus applicable taxes, which fee shall be fully earned, due and payable on the Seventh Amendment Date from the proceeds of the first Seventh Amendment Facility Advance .

ARTICLE VI –CONDITIONS TO EFFECTIVENESS

6.1 This Seventh Amendment shall become effective upon the Agent receiving the following:

(a) a copy of this Seventh Amendment, duly executed by all parties hereto; and

(b) payment of the Amendment Fee and all other fees and reimbursable expenses which are payable by the Borrowers in connection with this Seventh Amendment.

ARTICLE VII –REAFFIRMATION OF OBLIGATIONS

7.1 Each of the Borrowers confirms that its Obligations remain in full force and effect after giving effect to the amendments provided for herein.

ARTICLE VIII –NO OTHER WAIVER OR AMENDMENT

8.1 Except to the limited extent set forth herein no consent or amendment, or waiver of any other term, condition, covenant, agreement or any other aspect of the Loan Agreement is intended or implied. This Seventh Amendment is therefore limited exclusively to the matters provided for herein.

ARTICLE IX –MISCELLANEOUS

9.1 This Seventh Amendment supersedes and replaces any prior agreements or understandings with respect to any of the matters provided for herein.

9.2 All costs incurred by the Agent in preparing this Seventh Amendment (including all external legal fees incurred by the Agent) shall be on the account of the Borrowers and shall form part of the Obligations secured by the Collateral Documents.

9.3 This Seventh Amendment shall be deemed to have been made in the Province of Ontario and shall be governed by and interpreted in accordance with the laws of such Province and the laws of Canada applicable therein.

9.4 This Seventh Amendment may be executed in one or more counterparts, and such executed counterparts may be delivered by facsimile transmission, in pdf or other electronic means. Each of such executed counterparts when so delivered shall be deemed to be an original, and all of such counterparts when taken together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties have executed this Seventh Amendment as of the date first above written.

Agent:

BRIDGING FINANCE INC., as Agent

By: DocuSigned by: 7E4772DC61BE4E7...
Name: Natasha Sharpe
Title: Co-Chief Investment Officer

Lenders:

BRIDGING FINANCE INC., as Lender

By: DocuSigned by: 7E4772DC61BE4E7...
Name: Natasha Sharpe
Title: Co-Chief Investment Officer

Borrowers:

MJAR HOLDINGS CORP.

By: DocuSigned by: Patrick Witcher 8DEDEB1E70D14FC...
Name: Patrick Witcher
Title: CEO

MJARDIN CAPITAL, LLC

By: DocuSigned by: Patrick Witcher 8DEDEB1E70D14FC...
Name: Patrick Witcher
Title: CEO

MJARDIN MANAGEMENT, LLC

By: DocuSigned by: Patrick Witcher
8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

MJARDIN SERVICES INC.

By: DocuSigned by: Patrick Witcher
8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

MJARDIN MANAGEMENT COLORADO, LLC

By: DocuSigned by: Patrick Witcher
8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

MJARDIN MANAGEMENT NEVADA, LLC

By: DocuSigned by: Patrick Witcher
8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

BUDDY BOY BRANDS HOLDINGS, LLC

By: DocuSigned by: Patrick Witcher
8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

BUDDY BOY BRANDS, LLC

By: DocuSigned by: Patrick Witcher
8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

5040 YORK, LLC

By: DocuSigned by: Patrick Witcher 8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

2426 S. FEDERAL, LLC

By: DocuSigned by: Patrick Witcher 8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

EC CONSULTING, LLC

By: DocuSigned by: Patrick Witcher 8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

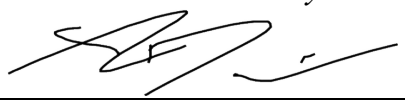
MJARDIN NEVADA HOLDINGS, INC.

By: DocuSigned by: Patrick Witcher 8DEDEB1E70D14FC...

Name: Patrick Witcher

Title: CEO

This is Exhibit "F" referred to in the
Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

Receiver's Certificate

CERTIFICATE NO. 3

AMOUNT **CA$400,000.00**

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver and manager (the "**Receiver**") of the assets, undertakings and properties of MJardin Group, Inc. (the "**Debtor**"), acquired for, or used in relation to a business carried on by the Debtor, excluding the Excluded Assets and the Excluded Business (collectively, the "**Property**"), appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 23rd of March, 2022 (the "**Order**") made in an application having Court File No. CV-22-00678813-00CL, has borrowed as such Receiver from PricewaterhouseCoopers Inc. in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (the "**Lender**") the principal sum of **CA$400,000.00**, being part of the total principal sum of CA$3,000,000 (or such greater amount as this Court may by further Order authorize) which the Receiver is authorized to borrow under and pursuant to the Order. Capitalized terms used but not defined herein have the meanings given to such terms in the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the last day of each month after the date hereof at a notional rate per annum equal to the rate of five per cent (5%) above the prime commercial lending rate of Bank of Montreal from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property and the

Subsidiary Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property and the Subsidiary Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

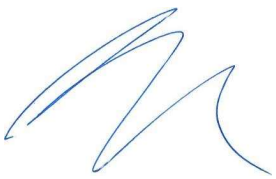
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property and the Subsidiary Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

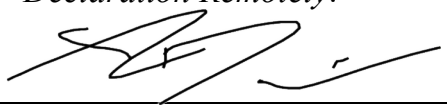
DATED the 16th day of May, 2022.

KSV RESTRUCTURING INC., solely in its capacity as Receiver, and not in its personal or corporate capacity

Per: 

Name: Noah Goldstein
Title: Managing Director

This is Exhibit "G" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

Receiver's Certificate

CERTIFICATE NO. 2

AMOUNT **CA$720,000.00**

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver and manager (the "**Receiver**") of the assets, undertakings and properties of MJardin Group, Inc. (the "**Debtor**"), acquired for, or used in relation to a business carried on by the Debtor, excluding the Excluded Assets and the Excluded Business (collectively, the "**Property**"), appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 23rd of March, 2022 (the "**Order**") made in an application having Court File No. CV-22-00678813-00CL, has borrowed as such Receiver from PricewaterhouseCoopers Inc. in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (the "**Lender**") the principal sum of **CA$720,000.00**, being part of the total principal sum of CA$3,000,000 (or such greater amount as this Court may by further Order authorize) which the Receiver is authorized to borrow under and pursuant to the Order. Capitalized terms used but not defined herein have the meanings given to such terms in the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the last day of each month after the date hereof at a notional rate per annum equal to the rate of five per cent (5%) above the prime commercial lending rate of Bank of Montreal from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property and the Subsidiary Property, in priority to the security interests of any other person, but subject to the

priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property and the Subsidiary Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

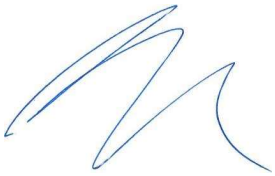
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property and the Subsidiary Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

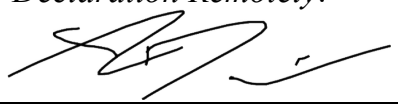
DATED the 2nd day of May, 2022.

KSV RESTRUCTURING INC., solely in its capacity as Receiver, and not in its personal or corporate capacity

Per: 

Name: Noah Goldstein
Title: Managing Director

This is Exhibit "H" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

Receiver's Certificate

CERTIFICATE NO. 1

AMOUNT **CA$1,428,266.24**

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver and manager (the "**Receiver**") of the assets, undertakings and properties of MJardin Group, Inc. (the "**Debtor**"), acquired for, or used in relation to a business carried on by the Debtor, excluding the Excluded Assets and the Excluded Business (collectively, the "**Property**"), appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 23rd of March, 2022 (the "**Order**") made in an application having Court File No. CV-22-00678813-00CL, has borrowed as such Receiver from PricewaterhouseCoopers Inc. in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (the "**Lender**") the principal sum of **CA$1,428,266.24**, to be utilized as set forth on Schedule "A" hereto, being part of the total principal sum of CA$3,000,000 (or such greater amount as this Court may by further Order authorize) which the Receiver is authorized to borrow under and pursuant to the Order. Capitalized terms used but not defined herein have the meanings given to such terms in the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded monthly not in advance on the last day of each month after the date hereof at a notional rate per annum equal to the rate of five per cent (5%) above the prime commercial lending rate of Bank of Montreal from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property and the

Subsidiary Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property and the Subsidiary Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property and the Subsidiary Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the 14th day of April, 2022.

KSV RESTRUCTURING INC., solely in its capacity as Receiver, and not in its personal or corporate capacity

Per: 

Name: Noah Goldstein
Title: Managing Director

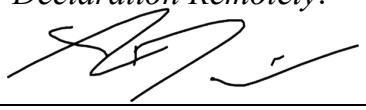
SCHEDULE "A"

The borrowings of the Receiver evidenced by this certificate shall be utilized as follows:

(a) CA$175,000 to fund operating costs of the Debtor and the Subsidiaries; and

(b) CA$1,253,266.24 to cash-collateralize certain construction liens encumbering the "Warman facility" owned by a Subsidiary to facilitate the contemplated sale of the Warman facility .

This is Exhibit "I" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

MJardin Group, Inc.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Expressed in Canadian dollars, unless otherwise stated)

NOTICE OF NO AUDITOR REVIEW OF UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements. These unaudited interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

MJardin Group, Inc.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2021 and December 31, 2020
(Expressed in Canadian dollars, unless otherwise stated)

As at	Note	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets		$	$
Current assets			
Cash		626,443	1,511,921
Accounts receivable	4	2,096,586	7,611,881
Current portion of due from related parties	14	7,955	1,040,188
Biological assets	7	839,488	1,612,817
Inventory	7	6,482,128	4,486,483
Prepaid expenses and other assets	5	644,718	1,632,532
Assets held for sale	6	9,721,007	4,893,576
Total current assets		**20,418,325**	**22,789,398**
Non-current assets			
Property, plant and equipment	8	25,228,867	41,489,341
Non-current portion of due from related party	14	637,050	-
Investments	9	39,656,025	36,494,794
Intangible assets		10,640	11,200
Total non-current assets		**65,532,582**	**77,995,335**
Total assets		**85,950,907**	**100,784,733**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	10	11,411,496	9,362,942
Due to related parties	14	253,705	353,919
Current portion of finance lease	13	374,233	436,849
Current portion of long-term debt	12	-	152,974,065
Income taxes payable	20	15,332,156	15,321,326
Current portion of promissory note payable	11	6,824,126	6,285,109
Total current liabilities		**34,195,716**	**184,734,210**
Non-current liabilities			
Non-current portion of finance lease	13	2,736,466	2,842,222
Long-term debt	12	167,917,756	-
Deferred tax liabilities	20	497,872	541,573
Non-current portion of promissory note payable	11	2,718,026	2,302,840
Convertible debentures		127,410	127,320
Total non-current liabilities		**173,997,530**	**5,813,955**
Total liabilities		**208,193,246**	**190,548,165**
Shareholders' deficiency			
Common shares equity	15(a)	267,272,168	263,493,688
Restricted share units reserve	15(b)	6,139,441	10,182,781
Options reserve	15(c)	12,340,733	11,048,323
Warrants reserve	15(d)	9,946,918	9,946,918
Accumulated other comprehensive income	16	2,750,180	3,024,547
Deficit		(417,260,657)	(383,713,486)
Deficiency attributable to the shareholders of MJardin Group, Inc.		(118,811,217)	(86,017,229)
Non-controlling interest	25	(3,431,122)	(3,746,203)
Total shareholders' deficiency		(122,242,339)	(89,763,432)
Total liabilities and shareholders' deficiency		**85,950,907**	**100,784,733**

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 22)
Subsequent event (Note 28)

Approved by the Board of Directors

/s/ Anthony Dutton, Director
Date: November 3, 2021

/s/ Blair Jordan, Director
Date: November 3, 2021

MJardin Group, Inc.
Unaudited Condensed Interim Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income
For the three and nine months ended September 30, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise stated)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2021	2020	2021	2020
		$		$	$
Revenues	17	1,322,789	4,843,102	3,795,812	9,151,699
Direct operating costs		(1,700,261)	(2,090,877)	(3,536,404)	(5,512,253)
Inventory write-down	7	(1,811,850)	(1,442,554)	(5,649,923)	(1,727,930)
Gross margin before fair value adjustments		**(2,189,322)**	**1,309,671**	**(5,390,515)**	**1,911,516**
Fair value adjustment on the sale of cultivated inventory	7	1,108,425	253,814	2,058,539	253,814
Unrealized gain on changes in fair value of biological assets	7	(1,116,938)	(1,466,530)	(5,773,810)	(2,112,730)
Gross margin		**(2,180,809)**	**2,522,387**	**(1,675,244)**	**3,770,432**
Operating expenses					
Sales, general and administrative	18	1,720,612	3,741,244	5,057,935	11,263,352
Share-based compensation		51,663	1,096,823	1,292,410	2,297,075
Depreciation and amortization		133,042	152,933	372,101	1,098,795
Expected credit loss		363,942	1,792,471	247,779	2,021,806
Total operating expenses		2,269,259	6,783,471	6,970,225	16,681,028
Loss from operations		**(4,450,068)**	**(4,261,084)**	**(8,645,469)**	**(12,910,596)**
Interest expense	19	5,010,676	7,984,985	15,342,424	16,145,556
Net loss (earnings) from equity investment	9	777,610	(3,106,134)	(3,158,325)	(4,718,264)
Impairment	26	11,645,815	–	11,645,815	–
Loss (gain) on loan modifications	14	–	–	1,264,065	(754,122)
Foreign exchange (gain) loss		(1,013,381)	683,344	(270,377)	(285,202)
Gain on disposition of GreenMart of Nevada, LLC	24	–	(21,497,444)	–	(21,497,444)
Loss (income) attributable to non-controlling interest	25	612,835	148,119	315,081	(38,887)
Other (income) loss		(125,632)	75,358	(193,016)	1,749,502
Total other expenses (income)		16,907,923	(15,711,772)	24,945,667	(9,398,861)
(Loss) income before income tax, discontinued operations		**(21,357,991)**	**11,450,688**	**(33,591,136)**	**(3,511,735)**
Income tax (expense) recovery	20	(87)	(3,438,165)	43,965	(4,556,092)
Income (loss) before discontinued operations		**(21,358,078)**	**8,012,523**	**(33,547,171)**	**(8,067,827)**
Loss from discontinued operations	6	–	(774,469)	-	(5,303,809)
Net (loss) income		**(21,358,078)**	**7,238,054**	**(33,547,171)**	**(13,371,636)**
Other comprehensive (loss) income		(1,682,089)	1,148,045	(274,367)	480,483
Total comprehensive (loss) income		**(23,040,167)**	**8,386,099**	**(33,821,538)**	**(12,891,153)**
Total comprehensive (loss) income attributable to:					
Shareholders of MJardin Group, Inc.		(23,653,002)	8,237,980	(34,136,619)	(12,852,266)
Non-controlling interest	25	612,835	148,119	315,081	(38,887)
Total comprehensive (loss) income		**(23,040,167)**	**8,386,099**	**(33,821,538)**	**(12,891,153)**
Weighted average number of common shares (basic and diluted)	21	95,131,812	89,741,197	94,254,818	87,831,860
Basic and diluted (loss) earnings per share from continuing operations	21	$ (0.22)	$ 0.09	$ (0.36)	$ (0.09)
Basic and diluted (loss) per share from discontinued operations	21	$ -	$ (0.01)	-	(0.06)
Basic and diluted (loss) earnings per share	**21**	**$ (0.22)**	**$ 0.08**	**$ (0.36)**	**$ (0.15)**

MJardin Group, Inc.
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
For the nine months ended September 30, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise stated)

	Number of units	Common shares [Note 15(a)]	RSU reserves [Note 15(b)]	Options reserves [Note 15(c)]	Warrants reserves [Note 15(d)]	Accumulated other comprehensive income (Note 16)	Deficit	Non-controlling interest (Note 25)	Total
	#	$	$	$	$	$	$	$	$
Balance at January 1, 2020	**80,275,488**	**250,661,573**	**21,537,369**	**8,419,408**	**9,946,918**	**1,321,154**	**(348,872,952)**	**(3,734,102)**	**(60,720,632)**
Private placement [Note 15(a)(i)]	4,716,982	1,000,000	-	-	-	-	-	-	1,000,000
Shares issued for legal settlements [Note 15(a)(ii)]	3,272,727	334,075	-	-	-	-	-	-	334,075
Restricted share units transferred to common shares [Note 15(a)(iii)]	1,476,000	11,498,040	(11,498,040)	-	-	-	-	-	-
Loss attributable to non-controlling interest	-	-	-	-	-	-	-	(38,887)	(38,887)
Share-based compensation	-	-	144,262	2,152,813	-	-	-	-	2,297,075
Net income (loss)	-	-	-	-	-	480,483	(13,371,636)	-	(12,891,153)
Balance at September 30, 2020	**89,741,197**	**263,493,688**	**10,183,591**	**10,572,221**	**9,946,918**	**1,801,637**	**(362,244,588)**	**(3,772,989)**	**(70,019,522)**
Balance at January 1, 2021	**89,741,197**	**263,493,688**	**10,182,781**	**11,048,323**	**9,946,918**	**3,024,547**	**(383,713,486)**	**(3,746,203)**	**(89,763,432)**
Shares cancelled for termination of CCAS acquisition [Note 15(a)(iv)]	(370,883)	(264,860)	-	-	-	-	-	-	(264,860)
Restricted share units transferred to common shares [Note 15(a)(iii)]	770,160	4,043,340	(4,043,340)	-	-	-	-	-	-
Loss attributable to non-controlling interest	-	-	-	-	-	-	-	315,081	315,081
Share-based compensation	-	-	-	1,292,410	-	-	-	-	1,292,410
Net loss	-	-	-		-	(274,367)	(33,547,171)	-	(33,821,538)
Balance at September 30, 2021	**90,140,474**	**267,272,168**	**6,139,441**	**12,340,733**	**9,946,918**	**2,750,180**	**(417,260,657)**	**(3,431,122)**	**(122,242,339)**

MJardin Group, Inc.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the nine months ended September 30, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise stated)

	Note	Nine months ended September 30, 2021	2020
Operating activities		$	$
Net loss		(33,547,171)	(13,371,636)
Adjustments for:			
Inventory write-down	7	5,649,923	1,727,930
Fair value adjustment on the sale of cultivated inventory	7	2,058,539	253,814
Unrealized gain on changes in fair value of biological assets	7	(5,773,810)	(2,112,730)
Share-based compensation		1,292,410	2,297,075
Depreciation and amortization		372,101	1,098,795
Impairment	26	11,645,815	-
Expected credit loss		247,779	2,021,806
Unrealized foreign exchange gain		(270,377)	(285,201)
Gain on disposition of GreenMart of Nevada, LLC		-	(21,497,444)
Loss (income) attributable to non-controlling interest	25	315,081	(38,887)
Deferred income tax (recovery) expense	20	(24,916)	108,152
Interest expense		15,342,424	16,145,556
Interest paid		-	(3,888,427)
Non-cash (gain) loss	27	(2,436,393)	1,595,724
Cash outflow from operating activities before changes in working capital		**(5,128,595)**	**(15,945,473)**
Changes in working capital items	27	6,514,917	11,969,609
Cash inflow (outflow) from operating activities		**1,386,322**	**(3,975,864)**
Investing activities			
Purchase of property, plant, and equipment	8	(1,755,032)	(6,195,485)
Proceeds from disposition of assets held for sale		-	5,852,665
Cash transferred to assets held for sale		-	(2,041,646)
Cash outflow from investing activities		**(1,755,032)**	**(2,384,466)**
Financing activities			
Issuance of common shares		-	1,000,000
Proceeds from debt	12	3,500,000	5,000,000
Repayment of debt	12	(4,201,571)	(1,332,133)
Proceeds (repayment) of promissory note payable	11	391,821	(3,825,554)
Repayment of finance leases	13	(207,018)	(326,688)
Cash (outflow) inflow from financing activities		**(516,768)**	**515,625**
Decrease in cash		(885,478)	(5,844,705)
Cash – beginning of the period		1,511,921	10,019,356
Cash – end of the period		**626,443**	**4,174,651**

Supplemental cash flow information (Note 27)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

MJardin Group, Inc., (the "Company") is a publicly traded cannabis cultivation and management services company. In 2018, the Company's shares commenced trading on the Canadian Securities Exchange under the ticker symbol MJAR. The unaudited condensed interim consolidated financial statements of the combined entities are issued under the legal parent, MJardin Group, Inc.

The Company has two groups of subsidiaries. One is the MJardin Group of companies ("MJardin Group"), which provides professional management operational and cultivation services in Canada and the United States of America (the "USA"). The other group is GrowForce, which is engaged in the cultivation and sale of cannabis products in Canada.

The Company's headquarters are located at 1 Toronto Street, Suite 801, Toronto, Ontario M5C 2V6. The Company's operating subsidiaries have US facilities in Colorado, Canadian production facilities in Ontario and Manitoba, and joint venture owned production facility in Nova Scotia. The Canadian production facilities in Ontario are legally part of the following entities: 8586985 Canada Corporation which has a facility in Brampton, Ontario ("Will") and a facility in Winnipeg, Manitoba ("Warman") and Highgrade MMJ Corporation ("GRO").

Going concern

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

For the nine months ended September 30, 2021, the Company reported a net loss of $33,547,171 (September 30, 2020 – $13,371,636), cash inflow from operating activities of $1,386,322 (September 30, 2020 – outflow of $3,979,801), working capital deficit of $13,777,391 (December 31, 2020 – $161,944,812), and an accumulated deficit of $417,260,657 (December 31, 2020 – $383,713,486).

These conditions create a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities, which may be necessary should the Company be unable to continue as a going concern.

Management acknowledges that there is significant uncertainty over the Company's ability to meet its funding requirements as they fall due. The Company's ability to continue in the normal course of operations is dependent on its ability to raise additional capital through debt financings, sales of assets, and to start generating positive cash flow from operating activities before changes in working capital. While the Company has been successful in raising capital in the past, there is no assurance that it will be successful in closing further financing in the future.

a) ***Debt facilities***

As at December 31, 2020, the Company was not in compliance with its financial covenants described in note 12c). During the nine months ended September 30, 2021, the Ontario Superior Court of Justice appointed PricewaterhouseCoopers Inc. as receiver ("Receiver") and manager over the assets, undertakings, and properties of the Company's senior lender. Since then, the Company has been in contact with the Receiver regarding the loan agreements. The Company and the Receiver then entered into additional waivers with respect to the loan agreements and the maturity date for the principal balance, including interest payable thereon, was extended to November 30, 2022. Pursuant to the additional waivers, the Company is no longer required to assess compliance with the financial covenants and the principal balance, including interest payable thereon, is due November 30, 2022.

Although management believes the Company will be successful in ramping up production at its cultivation facilities to generate cash flows to begin to meet future debt requirements, the outcome of these matters cannot be certain at this time. In the event that the Company cannot meet its repayment obligation on November 30, 2022, the Company will look to alternative sources of financing, delay capital expenditures, evaluate potential asset sales, and/or potentially could be forced to curtail or cease operations or seek relief under applicable bankruptcy or insolvency laws.

b) ***COVID-19 contagious disease***

During the three months ended September 30, 2021, COVID-19 had an adverse impact on local economics and the global economy. COVID-19 affected the Company's ability to continue its operations at its facilities in the first half of

2021, particularly Will, and resulted in temporary shortages of staff to the extent its workforce is impacted. The Company made active efforts to minimize the impact of COVID-19. Facilities were professionally cleaned to support the staff's return to work and mitigate any potential facility outbreak. Additional equipment vendors were sourced to address suppliers who became no longer available or had a lack of supplies on hand. A potential facility outbreak, if uncontrolled, could have a material adverse effect on our business, financial condition, results of operations, and cash flows including lost revenue. The Company's operations are considered an essential service in all jurisdictions and all facilities are continuing to operate with protocols in place to prevent the spread of the virus. There was no significant impact on revenues from COVID-19. The Company continues to monitor and assess the impact that COVID-19 will have on the business.

c) ***Sales and investment solicitation process (SISP)***

During the nine months ended September 30, 2021, the Board of Directors formed a special committee of independent directors (the "Special Committee") to explore, review and evaluate a broad range of strategic alternatives for the Company due to its limited capital resources, with a view to identifying a transaction that is in the best interests of stakeholders. These alternatives may include continuing as a standalone public company, material asset dispositions, going private, undertaking a recapitalization or other restructuring transaction, or being purchased by a strategic partner. The Company has not made any decisions related to strategic alternatives at this time, and there can be no assurance that the evaluation of strategic alternatives will result in any transaction or change in strategy. The Company announced that the Special Committee engaged Restructur Advisors as its strategic advisor and that Canaccord Genuity Corp. had resigned as financial advisor to the Special Committee.

Further, the Special Committee recommended that the Company conduct a formal and wide-ranging sales and investment solicitation process ("SISP") in order to identify all potential options to maximize value for all of the Company's stakeholders. In response, Restructur Advisors, along with the Company's management team, commenced the SISP during the three months ended September 30, 2021 to seek expressions of interest, in any combination, in respect of the Company, its assets, and the Company's CSE listing. The Canadian assets are currently in phase 2, whereby evaluation and due diligence of qualified bids are being assessed.

On October 13, 2021, the Company announced that the final bid deadline in connection with the SISP was extended with regards to the Company's US financial assets. The final bids for selected qualified bidders is expected to be on or about November 15, 2021.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) ***Statement of compliance***

The unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards 34, "Interim Financial Reporting" (IAS 34) as issued by the International Accounting Standards Board, and interpretations of the IFRS Interpretations Committee ("IFRIC"). Unless otherwise noted, all amounts are presented in Canadian dollars except share and per share data.

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars and are prepared in accordance with the same accounting policies, critical estimates, and methods described in the Company's annual consolidated financial statements. Given that certain information and note disclosures, which are included in the annual audited consolidated financial statements, have been condensed or excluded in accordance with IAS 34, these financial statements should be read in conjunction with our annual audited consolidated financial statements as at and for the year ended December 31, 2020, including the accompanying notes thereto.

For comparative purposes, the Company has reclassified certain immaterial items on the comparative unaudited condensed interim consolidated financial statements to conform with the current period's presentation.

b) ***Basis of measurement***

These unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for biological assets, share based payments, warrants, and certain financial instruments measured at fair value.

c) ***Presentation and functional currency***

These unaudited condensed interim consolidated financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the subsidiaries in Canada and the US dollar is the functional currency for all US subsidiaries of the Company. The Company has reclassified certain items on the comparative unaudited condensed interim consolidated statements of cash flows to improve clarity and consistency with the current period's presentation.

d) ***Basis of consolidation***

These condensed unaudited condensed interim consolidated financial statements of the Company comprise results of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. An investor controls an investee when it is exposed or has rights to variable returns from the subsidiaries and can affect these returns. Subsidiaries are fully consolidated from the date the Company acquires control of them and are deconsolidated from the date that control ceases. All intercompany balances, revenues, expenses, earnings, and losses resulting from intercompany transactions are eliminated on consolidation. For subsidiaries that are not wholly-owned subsidiaries but are controlled by the Company, the net assets (liabilities) and net income (loss) attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the condensed interim consolidated statements of financial position and in the unaudited condensed interim consolidated statements of income (loss) and comprehensive income (loss).

Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company's equity. Non-controlling interests consist of the non-controlling interests on the date of the original acquisition plus the non-controlling interests' share of changes in equity since the date of acquisition.

The Company's subsidiaries and ownership interests as at September 30, 2021 are as follows:

Entity Name	Country of Incorporation	% of Ownership
MJAR Holdings Corp.	U.S.A	100%
GrowForce Holdings Inc.	Canada	100%
8586985 Canada Corporation	Canada	100%
Highgrade MMJ Corporation	Canada	75.5%
GrowForce AC Holdings Inc.	Canada	39%
AtlantiCann Medical Inc.[1]	Canada	39%
Ringsby Services Inc.	Canada	100%
MJardin Management, LLC	U.S.A	100%
MJardin Management Colorado, LLC	U.S.A	100%
MJardin Services Inc.	U.S.A	100%
MJardin Management Nevada, LLC	U.S.A	100%
MJardin Management Pennsylvania, LLC	U.S.A	100%
MJardin Capital, LLC	U.S.A	100%
Buddy Boy Brands Holdings, LLC	U.S.A	100%
Buddy Boy Brands, LLC	U.S.A	100%
2426 S. Federal, LLC	U.S.A	100%
5040 York, LLC	U.S.A	100%
EC Consulting, LLC	U.S.A	100%
F&L Investments, LLC	U.S.A	100%
MJardin Merger Sub, LLC	U.S.A	100%

[1] GrowForce AC Holdings Inc. is the holding entity with 100% ownership of the investment in AtlantiCann Medical Inc ("AMI"). AMI is an equity-accounted investment. See Note 9 for further details.

e) ***Critical accounting estimates and judgments***

The preparation of the Company's unaudited condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities on the date of the unaudited condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are evaluated and based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Accounting estimates and judgments applied in these unaudited condensed interim consolidated financial statements are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2020.

(Expressed in Canadian dollars, unless otherwise stated)

3. SEGMENT INFORMATION

Management monitors the results of the Company's operating segments separately for the purpose of making decisions about resource allocations and performance assessments. Segment performance is evaluated based on future cash flow projections of different segments and is measured consistently with actual operational profit or loss. In measuring segment performance, segment assets, and segment liabilities, management applies certain judgments and assumptions to determine the appropriate allocation of central costs, shared assets and liabilities to individual segments.

The Company's operating segments are as follows:

For the three months ended September 30, 2021	Cultivation management in USA	Cultivation operations in Canada	Total continuing operations	Total
	$	$	$	$
Revenue	178,675	1,144,114	1,322,789	1,322,789
Direct operating costs	4,956	(1,705,217)	(1,700,261)	(1,700,261)
Sales, general and administrative	(534,751)	(1,185,861)	(1,720,612)	(1,720,612)
Depreciation and amortization	(67,097)	(65,945)	(133,042)	(133,042)
Interest expense	(1,164,835)	(3,845,841)	(5,010,676)	(5,010,676)
Impairment	-	(11,645,815)	(11,645,815)	(11,645,815)
Net loss	(662,595)	(20,695,483)	(21,358,078)	(21,358,078)

For the three months ended September 30, 2020	Cultivation management in USA	Cultivation operations in Canada	Total continuing operations	Discontinued operations	Total
	$	$	$	$	$
Revenue	4,103,538	739,564	4,843,102	285,885	5,128,987
Direct operating costs	(1,586,307)	(504,570)	(2,090,877)	(235,662)	(2,326,539)
Sales, general and administrative	(1,131,708)	(2,609,536)	(3,741,244)	(5,567)	(3,746,811)
Depreciation and amortization	31,075	(184,008)	(152,933)	-	(152,933)
Interest expense	(1,326,398)	(6,658,587)	(7,984,985)	(243,885)	(8,228,870)
Net loss	15,716,590	(7,704,067)	8,012,523	(774,469)	7,238,054

For the nine months ended September 30, 2021	Cultivation management in USA	Cultivation operations in Canada	Total continuing operations	Total
	$	$	$	$
Revenue	649,411	3,146,401	3,795,812	3,795,812
Direct operating costs	(52,775)	(3,483,629)	(3,536,404)	(3,536,404)
Sales, general and administrative	(1,652,446)	(3,405,489)	(5,057,935)	(5,057,935)
Depreciation and amortization	(194,303)	(177,798)	(372,101)	(372,101)
Interest expense	(4,177,202)	(11,165,222)	(15,342,424)	(15,342,424)
Impairment	-	(11,645,815)	(11,645,815)	(11,645,815)
Net loss	(3,742,401)	(29,804,770)	(33,547,171)	(33,547,171)

(Expressed in Canadian dollars, unless otherwise stated)

For the nine months ended September 30, 2020	Cultivation management in USA $	Cultivation operations in Canada $	Total continuing operations $	Discontinued operations $	Total $
Revenue	8,412,135	739,564	9,151,699	1,153,464	10,305,163
Direct operating costs	(4,835,633)	(676,620)	(5,512,253)	(4,972,610)	(10,484,863)
Sales, general and administrative	(4,372,972)	(6,890,380)	(11,263,352)	(11,687)	(11,275,039)
Depreciation and amortization	(453,116)	(645,679)	(1,098,795)	-	(1,098,795)
Interest expense	(3,276,014)	(12,869,542)	(16,145,556)	(1,312,867)	(17,458,423)
Net loss	9,137,883	(17,205,712)	(8,067,827)	(5,303,809)	(13,371,636)

September 30, 2021	Cultivation management in USA $	Cultivation operations in Canada $	Total continuing operations $	Assets held for sale (Note 6) $	Total $
Total assets	990,048	75,239,852	76,229,900	9,721,007	85,950,907
Total liabilities	57,680,297	150,512,949	208,193,246	-	208,193,246

December 31, 2020	Cultivation management in USA $	Cultivation operations in Canada $	Total continuing operations $	Assets held for sale (Note 6) $	Total $
Total assets	10,560,581	85,330,576	95,891,157	4,893,576	100,784,733
Total liabilities	53,687,481	136,860,684	190,548,165	-	190,548,165

4. ACCOUNTS RECEIVABLE

	September 30, 2021 $	December 31, 2020 $
Trade receivables (a)	1,893,974	1,901,099
Expected credit loss	(688,014)	(739,314)
Indirect taxes receivable	890,626	1,038,996
Receivable from Harvest Health and Recreation Inc.	-	5,411,100
Total	**2,096,586**	**7,611,881**

(a) Trade receivables are from arms'-length and non-related operators and consulting customers. As at September 30, 2021 $688,014 of trade receivables is over 90 days past due (December 31, 2020 - $1,281,666).

(Expressed in Canadian dollars, unless otherwise stated)

5. PREPAID EXPENSES AND OTHER ASSETS

	September 30, 2021	December 31, 2020
	$	$
Insurance	142,539	993,519
Deposits on construction & equipment	61,200	97,587
Rent deposits	184,607	184,553
Appellate bond	-	223,383
Prepaid goods and services	256,372	133,490
Total	**644,718**	**1,632,532**

6. ASSETS HELD FOR SALE

	September 30, 2021	December 31, 2020
	$	$
Warman building (a)	6,901,438	4,893,576
5050 York property (b)	2,088,527	-
2426 Federal property (c)	731,042	-
Assets held for sale	**9,721,007**	**4,893,576**

(a) Since March 2020, the Warman building has been included in assets held for sale on the condensed interim consolidated statements of financial position in the amount of $4,893,576 due to the Company's intentions of completing a sale and leaseback of the building in 2021.

During the three months ended September 30, 2021, the Warman facility was shut down, which triggered a test for impairment for the building and other property, plant and equipment. The Warman building, included in assets held for sale, incurred an impairment loss of $3,113,573. The property, plant and equipment after impairment of $5,121,435 has been included in assets held for sale on the condensed interim consolidated statements of financial position (Note 26).

(b) During the three months ended September 30, 2021, the Company entered into a conditional sale agreement of the land, building and equipment located at 5050 N York Street ("5050 York property") in Denver, Colorado. The sale is expected to be finalized by the end of 2021 and has been included in assets held for sale on the condensed interim consolidated statements of financial position.

(c) As at September 30, 2021, the Company is actively marketing the sale of land, building and equipment located at 2426 S Federal Street ("2426 Federal property") in Denver, Colorado. The Company expects to sell the property within the next 12 months, and therefore, it has been included in assets held for sale on the condensed interim consolidated statements of financial position.

7. BIOLOGICAL ASSETS AND INVENTORY

The following table is a summary of the movement in the biological assets for the periods ended September 30, 2021 and December 31, 2020:

(Expressed in Canadian dollars, unless otherwise stated)

	$ Amount
Balance at January 1, 2020	148,209
Unrealized gain on changes in fair value of biological assets	3,827,226
Production costs capitalized	3,417,909
Transferred to inventory upon harvest	(5,780,527)
Carrying amount, December 31, 2020	1,612,817
Unrealized gain on changes in fair value of biological assets	5,773,810
Production costs capitalized	3,557,648
Transferred to inventory upon harvest	(10,104,788)
Carrying amount, September 30, 2021	**839,487**

All of the plants are to be harvested as agricultural produce. As at September 30, 2021, all of the plants to be harvested are between 1 and 8 weeks from harvest (December 31, 2020 - 1 and 11 weeks) and the life cycle is estimated to be 90 to 102 days (December 31, 2020 - 110 to 117 days).

Biological assets are classified as level 3 in the fair value hierarchy. There have been no transfers between levels.

To determine fair value, the Company:

i) Multiplies the expected yield in grams per plant and the expected selling price per gram;
ii) Deducts selling costs and remaining costs to be incurred in order to complete the harvest and bring the harvested product to finished inventory from the expected selling price.

The fair value was determined using a valuation model, which assumes the biological assets at the condensed interim consolidated statements of financial position date will grow to maturity, be harvested and converted into finished goods inventory and sold in the recreational cannabis market. The Company's method of accounting for biological assets is to attribute value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest.

Production costs represent the cash costs incurred by the Company to propagate, cultivate and grow biological assets. The Company elects to capitalize production costs related to flower production expected to be obtained from biological assets and expenses these costs to cost of goods sold as the inventory is sold. These costs include such costs as direct labour, fertigation materials and production supplies, energy costs, quality control costs such as sanitation and lab work, and an allocation of overhead costs. Shipping and fulfillment charges are expensed to cost of goods sold in the period in which the costs are incurred.

As at September 30, 2021, the weighted average selling price used in the valuation of biological assets is $3.43 per gram (December 31, 2020 - $5.22 per gram) and is based on an adjusted expected future sales mix, of all dried cannabis sales and can vary based on the different strains produced and the expected sales channel. The Company estimates percentage of costs incurred on a straight-line basis based on the number of days of growth. Plants on hand as at September 30, 2021 have incurred an average of 72% of costs to harvest (September 30, 2020 - 53%).

During the three months ended September 30, 2021, the Company's biological assets produced 1,209,685 grams of dried cannabis (September 30, 2020 – 613,385 grams). As at September 30, 2021, it is expected the Company's biological assets will yield approximately 508,143 grams excluding trim. (September 30, 2020 – 525,662 grams including trim).

The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the unrealized gain or loss on changes in fair value of biological assets. The following table quantifies each significant unobservable input and provides the impact of a reasonable increase/decrease that each input would have on the fair value of the Company's biological assets.

(Expressed in Canadian dollars, unless otherwise stated)

	Valuation inputs		Percentage change used in sensitivity analysis	$ Impact on Biological Assets	
	September 30, 2021	December 31, 2020		September 30, 2021	December 31, 2020
Selling price ($)	3.43	5.22	10%	121,806	206,128
Yield by plant (grams)	59-146	90-136	15%	227,098	365,874
Average life cycle (days)	93-102	90-120	10%	110,732	187,389
Percentage of costs to harvest incurred	72%	57%	10%	75,697	104,304

Inventory is comprised of the following and is valued at the lower of cost and net realizable value:

	As at September 30, 2021			As at December 31, 2020		
	Capitalized Cost $	Fair Value $	Total $	Capitalized Cost $	Fair Value $	Total $
Work-in-process	1,043,214	1,922,259	2,965,473	1,104,179	902,377	2,006,556
Finished goods	1,421,379	2,095,276	3,516,655	1,252,728	1,227,199	2,479,927
Total	**2,464,593**	**4,017,535**	**6,482,128**	**2,356,907**	**2,129,576**	**4,486,483**

During the three months and nine months ended September 30, 2021, the Company recognized a fair value adjustment on the sale of cultivated inventory of $1,108,425 and $2,058,539, respectively (three and nine months ended September 30, 2020 - $253,814 and $253,814).

During the three months ended September 30, 2021, the Company recorded an inventory write-down of $958,268 on dried cannabis that was old and unsellable and a write-down of $853,582 on dried cannabis that had cost greater than net realizable value (three months ended September 30, 2020 - $nil and $511,768).

During the nine months ended September 30, 2021, the Company recorded an inventory write-down of $3,517,221 on dried cannabis that was old and unsellable and a write-down of $2,132,702 on dried cannabis

8. PROPERTY, PLANT AND EQUIPMENT

	Land (b)	Building (b)	Computers & Equipment	Fixture & Furniture	Leasehold Improvements	Right-of-use Assets	Production Equipment	Construction in Progress	Total
	$	$	$	$	$	$	$	$	$
Cost									
Balance at January 1, 2020	8,053,864	11,426,124	295,743	392,311	6,871,644	1,591,370	4,301,366	17,302,527	50,234,949
Additions	-	-	62,845	57,583	5,177,045	-	1,260,793	283,016	6,841,282
Dispositions	-	-	(16,436)	-	-	-	(57,099)	-	(73,535)
Reclassifications	-	-	-	-	3,782,997	-	-	(3,782,997)	-
Foreign exchange on translation	(52,736)	(103,424)	(2,021)	(3,210)	(28,022)	(38,677)	(1,478)	-	(229,568)
Balance at December 31, 2020	**8,001,128**	**11,322,700**	**340,131**	**446,684**	**15,803,664**	**1,552,693**	**5,503,582**	**13,802,546**	**56,773,128**
Additions	-	-	45	-	1,014,698	-	72,595	667,694	1,755,032
Assets held for sale - US properties (note 6)	(2,624,646)	(5,147,364)	-	(53,521)	(5,031,284)	-	(30,567)	3,735,829	(9,151,553)
Assets held for sale - Warman (note 6)			(38,286)	(108,384)			(257,582)	(18,206,069)	(18,610,322)
Reclassifications	(3,078,526)	1,391,254	(88,945)	0	(650,251)	2,310,222	105,394		(10,852)
Foreign exchange on translation	65,060	66,842	27	113	985	284	52	-	133,364
Balance at September 30, 2021	**2,363,016**	**7,633,432**	**212,972**	**284,892**	**11,137,812**	**3,863,199**	**5,393,474**	**-**	**30,888,797**
Accumulated depreciation									
Balance at January 1, 2020	**1,652,950**	**3,785,381**	**118,660**	**113,860**	**1,201,956**	**352,707**	**216,293**	**-**	**7,441,807**
Depreciation	-	444,298	47,267	54,712	464,964	312,756	784,995	-	2,108,992
Dispositions	-	-	(7,457)	-	-	-	(27,099)	-	(34,556)
Impairment of PPE	-	-	-	-	5,009,874	-	-	892,339	5,902,213
Foreign exchange on translation	(32,580)	(71,409)	(1,145)	(2,486)	(21,482)	(4,488)	(1,079)	-	(134,669)
Balance at December 31, 2020	**1,620,370**	**4,158,270**	**157,325**	**166,086**	**6,655,312**	**660,975**	**973,110**	**892,339**	**15,283,787**
Depreciation (a)	-	264,735	35,294	37,074	333,309	237,348	763,064	-	1,670,823
Impairment of PPE (note 26)	-	-		-	8,532,198	-	-	-	8,532,198
Reclassifications	-	(100,502)	7,149	44,651	527,038	(2,732)	405,884	(892,339)	(10,852)
Assets held for sale - US properties (note 6)	(1,621,516)	(3,591,848)	-	(53,409)	(1,034,645)	-	(30,567)	-	(6,331,984)
Assets held for sale - Warman (note 6)	-	-	(38,286)	(9,757)	(13,328,284)	-	(112,559)	-	(13,488,887)
Foreign exchange on translation	1,146	2,537	49	92	776	205	37	-	4,844
Balance at September 30, 2021	**-**	**733,192**	**161,531**	**184,738**	**1,685,703**	**895,796**	**1,998,970**	**-**	**5,659,929**
Net book value									
December 31, 2020	**6,380,758**	**7,164,430**	**182,806**	**280,598**	**9,148,352**	**891,718**	**4,530,472**	**12,910,207**	**41,489,341**
September 30, 2021	**2,363,016**	**6,900,240**	**51,441**	**100,154**	**9,452,108**	**2,967,403**	**3,394,505**	**-**	**25,228,867**

a) Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use lease assets is capitalized into biological assets and inventory and is expensed to direct operating expenses upon the sale of goods. For the nine months ended September 30, 2021, $1,299,282 (2020 – $1,305,580) of depreciation was capitalized into biological assets and inventory.

(Expressed in Canadian dollars, unless otherwise stated)

b) Land and building include lessor rental assets with a total net book value as at September 30, 2021 of $2,819,457 (December 31, 2020 – $2,879,947). Accumulated depreciation related to leased assets as at September 30, 2021 is $1,003,131 and there were no additions to leased assets during the period.

9. INVESTMENTS

	AtlantiCann Medical Inc. ("AMI")	OG DNA Genetics Inc. ("DNA Genetics")	Total
	$	$	$
Balance, January 1, 2020	30,343,877	1,948,500	32,292,377
Net income from equity investee	4,240,816	-	4,240,816
Loss on change in fair value, unrealized	-	(38,399)	(38,399)
Balance, December 31, 2020	**34,584,693**	**1,910,101**	**36,494,794**
Net income from equity investee	3,158,325	-	3,158,325
Gain on change in fair value, unrealized	-	2,906	2,906
Balance, September 30, 2021	**37,743,018**	**1,913,007**	**39,656,025**

a) Atlanticann Medical Inc. ("AMI")

This investment has been accounted for under the equity method as the Company's investment provides it with significant influence over AMI, but not control. The Company has a 39% ownership interest in AMI and has representation on AMI's board of directors.

b) DNA Genetics Inc.

In 2018, the Company made an irrevocable election to classify its investment in DNA Genetics at fair value through other comprehensive income ("FVTOCI") as the Company considers its investment to be strategic in nature.
To assess the fair value of this investment, since DNA Genetics is not listed on an exchange, the Company determined the fair value using valuation techniques, which require inputs that are significant and unobservable, and therefore, were categorized as Level 3 in the fair value hierarchy. The Company uses the latest market transaction price for these securities derived from private placements, which are not publicly observable, and any available independent valuation reports obtained from the entity. Increases (decreases) in the latest market transaction prices will result in a direct increase (decrease) to the fair value of the equity instrument.

Consistent with the election made on the initial recognition of the DNA Genetics investment, only dividend income is recognized in profit or loss. There were no dividends issued by DNA Genetics for the three and nine months ended September 30, 2021 and for the year ended December 31, 2020. All other gains and losses are recognized in OCI without reclassification on derecognition. During the nine months ended September 30, 2021, the Company recognized a $2,904 gain on change in FVTOCI due to the foreign exchange rate movement (year ended December 31, 2020 - $38,399 loss).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021	December 31, 2020
	$	$
Trade accounts payable and accrued liabilities	8,653,866	6,674,894
Payroll tax liabilities	1,904,485	1,887,339
Payroll accruals	335,963	506,059
HST payable	365,546	82,342
Unearned revenue	151,636	212,308
Total	**11,411,496**	**9,362,942**

(Expressed in Canadian dollars, unless otherwise stated)

11. PROMISSORY NOTES PAYABLE

In 2019, the Company entered into a promissory note agreement with a third party for net proceeds of $11 million. The note is due upon demand and bears interest at a rate of prime plus 9% per annum accrued daily. The effective rate of interest at the time of issuance was 12.95% and decreased to 11.45% due to the change in prime rate that occurred during the year ended December 31, 2020. Interest is added to the principal outstanding and can be paid at any time at the discretion of the Company. The balances as at September 30, 2021 and December 31, 2020 include accrued interest payable on the promissory note up to that date.

	September 30, 2021	December 31, 2020
	$	$
Opening balance	6,285,109	11,476,603
Principal repayment	-	(5,411,253)
Interest payment	-	(441,412)
Accrued interest	539,017	661,171
Closing balance	**6,824,126**	**6,285,109**

In 2020, the Company entered into a new $2 million promissory note agreement with the same third party. This note is due on the earliest of three years from the issuance date, the Company completing a financing transaction, or a change of control occurs to the Company. The note bears an interest rate of 1% per annum accrued daily. Interest is added to the principal outstanding and is to be paid when the note is due. The balances as at September 30, 2021 and December 31, 2020 include accrued interest payable on the promissory note up to that date.

	September 30, 2021	December 31, 2020
	$	$
Opening balance	2,302,840	-
Proceeds from promissory note	391,821	2,279,263
Accrued interest	23,364	23,577
Closing balance	**2,718,026**	**2,302,840**

12. DEBT FACILITIES

	September 30, 2021	December 31, 2020
	$	$
Term revolving loan – Bank of Nova Scotia prime rate ("BNS Prime Rate") + 9.55% (a)	128,922,884	118,163,970
Term loan – BNS Prime Rate + 9.55% (b)	35,383,504	34,810,095
Term loan – 15% (b)	3,611,368	-
Total	**167,917,756**	**152,974,065**
Current portion of long-term debt	-	(152,974,065)
Long-term debt	**167,917,756**	**-**

(a) Loans owed by the Canadian facilities

In 2018, the Company entered into a secured demand revolving loan agreement with a senior lender, which provided support to the operational facilities in Canada. The loans are guaranteed by 8586985 Canada Corporation, and Highgrade MMJ Corporation (the "Guarantors"). The loans are secured by a general security agreement signed by the Guarantors constituting a first ranking security interest in all personal property of such Guarantor.

During the nine months ended September 30, 2021, the Company and its senior lender executed amendments to its existing loan agreements. The interest payable on existing loan balances will accrue and be added to the loan principal

and no longer required to make monthly principal payments on the loan until November 30, 2022 as described in note 12(c) from the waiver received. The entirety of the principal balance, including accrued interest payable up until the repayment date, is due November 30, 2022. As a result, the debt balance has been reclassified from current to long-term on the condensed interim consolidated statements of financial position.

As a result of the amendments, the Company recognized a loss on loan modification of $2,209,374, which is offset against the gain on the modified loans owed by the US facilities of $945,310 and is included in the loss on loan modifications line on the unaudited condensed interim consolidated statements of (loss) income and comprehensive (loss) income. The effective interest rates on the loans after the amendment is 11.42%. Refer to Note 19 for the interest expense incurred on the debt facilities for the three and nine months ended September 30, 2021 and 2020.

(b) Loans owed by the US entities

In 2017, the Company closed a demand loan facility provided by a senior lender. The loan is secured via conditions set forth in a general security agreement with an interest rate of BNS prime rate plus 9.55% per annum.

During the nine months ended September 30, 2021, the Company and its senior lender executed amendments to its existing loan agreements. The interest payable on existing loan balances will accrue and be added to the loan principal and no longer required to make monthly principal payments on the loan until November 30, 2022 as described in note 12(c) from the waiver received. The entirety of the principal balance, including accrued interest payable up until the repayment date, is due November 30, 2022. As a result, the debt balance has been reclassified from current to long-term on the condensed interim consolidated statement
s of financial position.

As a result of the amendments, the Company recognized a gain on loan modification of $945,310, which is offset against the loss on the modified loans owed by the Canadian facilities of $2,209,374 and is included in the loss on loan modifications line on the unaudited condensed interim consolidated statements of (loss) income and comprehensive (loss) income. The effective interest rates on the loans after the amendment range from 9.49% to 14.22%. Refer to Note 19 for the interest expense incurred on the debt facilities for the three and nine months ended September 30, 2021 and 2020.

During the nine months ended September 30, 2021, the Company closed a second demand loan facility provided by a senior lender. The loan is secured via conditions set forth in a general security agreement with an interest rate of 15% per annum. As at September 30, 2021, the Company drew down $4,524,954 of the $5,325,525 available amount of this loan facility. During the nine months ended September 30, 2021, the Company made a net repayment of $2,601,571 on the loans owed by the US entities (2020 – net proceeds of $1,667,867).

(c) Financial covenants of the loans

In 2020, the Company did not make a scheduled repayment of the term loans and did not meet its two financial covenants pursuant to the debt facilities, the senior leverage ratio being less than 4.5 to 1.0 and the fixed charge coverage ratio being greater than 1.2 to 1.0 for the last fiscal quarter of 2020. As at December 31, 2020, the Company was not in compliance with the financial covenants.

During the nine months ended September 30, 2021, the Ontario Superior Court of Justice appointed PricewaterhouseCoopers Inc. as receiver (“Receiver”) and manager over the assets, undertakings, and properties of the Company’s senior lender. Since then, the Company has been in contact with the Receiver regarding the loan agreements. The Company and the Receiver then entered into additional waivers with respect to the loan agreements and the maturity date for the principal balance, including interest payable thereon, was extended to November 30, 2022. Pursuant to the additional waivers, the Company is no longer required to assess compliance with the financial covenants and the principal balance, including interest payable thereon, is due November 30, 2022.

(Expressed in Canadian dollars, unless otherwise stated)

13. FINANCE LEASE

a) The Company as a lessee

	September 30, 2021 $	December 31, 2020 $
Balance at the beginning of the period	3,279,071	3,577,897
Lease payments	(207,018)	(298,600)
Interest accretion	112,024	170,622
Foreign exchange impact	(73,378)	(170,848)
Balance at the end of the period	3,110,699	3,279,071
Less: current portion	(374,233)	(436,849)
Non-current portion of finance lease	**2,736,466**	**2,842,222**

As at September 30, 2021 and December 31, 2020, the undiscounted future finance lease payments are $4,089,184 and $4,429,070, respectively. None of the Company's leases for continuing operational facilities have extension or termination options. The Company's finance lease in Will has a 3.61% annual interest rate. The Company's other finance leases use an incremental borrowing rate of 13.5% to determine the present value of the future lease payments.

The following table summarizes the Company's future minimum lease payments as at September 30, 2021:

	Amount $
2021	109,942
2022	331,539
2023	266,675
2024	219,706
2025+	3,161,322

b) The Company as a lessor

The Company leases out two investment properties in the USA, which are assets held for sale as of September 30, 2021 (Note 6). For the three months and nine months ended September 30, 2021, the Company recognized lease income of $112,744 and $333,232 respectively (three and nine months ended September 30, 2020 – $116,142 and $348,630) presented as revenue on the unaudited condensed interim consolidated statements of loss and comprehensive loss.

14. RELATED PARTY TRANSACTIONS

In the ordinary course of business, under market terms and conditions comparable to those provided to unrelated third parties, the Company generates revenue from the following related parties; PotCo LLC, Next 1 Labs, Cloud 9 Support LLC, and F&L Warm Springs LLC. These transactions are considered related party in nature since a director on the board of the Company co-founded and is the managing partner of PotCo LLC and owns Next1 Labs, Cloud 9 Support LLC, and F&L Warm Springs LLC. A summarized table of the amounts as at September 30, 2021 and December 31, 2020 are as follows:

	September 30, 2021 $	December 31, 2020 $
Other related party	7,955	107,010
AMI (b)	-	203,206
Next 1 Labs	-	10,142
PotCo LLC	-	66,926
Expected credit loss	-	(201,226)
Due from related parties - Current	**7,955**	**186,058**
F&L WarmSprings LLC (a)	637,050	854,130
Due from related parties - Non-current	**637,050**	**854,130**

(a) Interest is payable in monthly installments at a rate of 15% per annum. An amended promissory note agreement was signed in April 2021 with the full principal amount of US $500,000 due on December 31, 2022.

(Expressed in Canadian dollars, unless otherwise stated)

(b) The Company holds an investment in AMI as described in Note 9.

Due to related parties as at September 30, 2021 is $253,705 (December 31, 2020 - $353,919). This amount is owed to directors of the Company and minority shareholders.

The following table provides a summary of the amounts owed for services provided from related parties:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Fees from cultivation and management services	-	2,101,464	-	2,341,061
Interest income	23,623	24,976	70,386	76,167
Total revenues from related parties	**23,623**	**2,126,440**	**70,386**	**2,417,228**
Director fees	127,255	174,451	336,408	395,165
Total costs from related parties	**127,255**	**174,451**	**336,408**	**395,165**

15. SHARE CAPITAL AND SHARE-BASED COMPENSATION

(a) Common shares

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

Common share transactions

With reference to the unaudited condensed interim consolidated statements of changes in shareholders' deficiency,

(i) On January 13, 2020, the Company issued 4,716,982 common shares for $1,000,000 through a private placement.

(ii) On March 4, 2020, the Company issued 2,272,727 common shares as part of a litigation settlement related to a contract dispute for cultivation management services in the USA. In addition to the shares issued, the Company paid a total cash settlement of $334,075 in accordance with a payment plan that ended on February 1, 2021. This payable has been accrued for in accounts payable and accrued liabilities within the unaudited condensed interim consolidated financial statements. On March 27, 2020, the Company issued 1,000,000 common shares related to a royalty settlement agreement dated November 6, 2018.

(iii) During the nine months ended September 30, 2021, the Company issued 770,160 common shares (2020 – 1,476,000 common shares) for the vesting of restricted share units ("RSUs").

(iv) On April 18, 2019, the Company entered into a definitive agreement (the "Cannabella Acquisition Agreement") to acquire Carson City Agency Solutions, dba Cannabella ("CCAS"), an operator of an extraction facility and producer of edibles and topicals in Carson City, Nevada. The Company provided notice to CCAS on April 17, 2020 of the termination of the Cannabella Acquisition Agreement, prior to closing of the transaction, which was conditional upon the transfer of CCAS's license to the Company within a specified timeframe. On August 31, 2020, a further agreement was reached whereby CCAS will return 50% of the shares that were issued as part of the purchase consideration (a return to the Company of 370,882 common shares) and will repay $10,000 as settlement of amounts due to the Company for services that had been provided under the Cannabella Acquisition Agreement, in equal monthly instalments, over a 12-month period. On April 9, 2021, CCAS returned 370,882 of the MJardin common shares.

(b) Restricted share unit (RSU) reserve

RSUs are equity-settled share-based payments. RSUs are measured at the fair value on the date of grant based on the closing price of the Company's shares on the grant date and is recognized as share-based compensation expense over the vesting period with a corresponding credit to RSU reserves. The amount recognized for services received as consideration for the RSUs granted is based on the number of equity instruments that eventually vest. Upon the release of RSUs, the RSU reserves are transferred to common shares. Under the terms of the RSU plan, directors, officers, and employees of the Company may be granted RSUs that are released as common shares upon completion of the vesting period. Each RSU gives the participant the right to receive one common share of the Company. The key inputs and

(Expressed in Canadian dollars, unless otherwise stated)

assumptions used to determine the fair value on the grant date consist of the closing price of the Company's shares, the expiry date of the RSUs, and the number of RSUs granted to the individual.

In accordance with IFRS 2 Share-based Payments, RSUs that were cancelled or expired during the nine months ended September 30, 2021 and 2020 are accounted for as an acceleration of vesting, where the amount that otherwise would have been recognized for services rendered over the remainder of the vesting period is recognized immediately at the time of cancellation or expiry.

	RSUs (#)		Weighted Average Issue Price ($)
Balance, January 1, 2020	3,466,900	$	6.16
Issued	1,530,100		0.05
Vested and exercised	(1,476,000)		7.79
Cancelled or expired	(2,644,990)		1.65
Balance, December 31, 2020	**876,010**	**$**	**6.08**
Cancelled or expired	(772,360)		5.25
Balance, September 30, 2021	**103,650**	**$**	**12.26**

For the nine months ended September 30, 2021, the Company recorded share-based compensation expense of $nil (2020 - $144,262) for the RSUs as they have fully vested. This expense is included in the share-based compensation line on the unaudited condensed interim consolidated statements of loss and comprehensive loss.

The following table summarizes the outstanding RSUs, vested and unvested, as at September 30, 2021:

Grant Date	Outstanding #	Vested #	Weighted Average Issue Price ($) $	Remaining Life (years)	Expiry Date
November 13, 2018	100,050	100,050	7.79	0.12	November 13, 2021
December 31, 2018	3,600	3,600	5.25	0.25	December 31, 2021
As at September 30, 2021	**103,650**	**103,650**	**12.26**	**0.13**	

(c) Options reserve

Share options issued to directors, officers, employees, and third parties are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to options reserves. The fair value of the options is calculated using the Black-Scholes option pricing model. When determining the fair value of share options, management is required to make certain assumptions and estimates related to the risk-free interest rate, dividend yield, share price volatility, life of options, and forfeiture rate. Upon the exercise of share options, the related options reserve is transferred to common shares.

	Options (#)		Weighted Average Exercise Price ($)
Balance, January 1, 2020	2,564,870		7.92
Issued	7,165,705		0.05
Cancelled or expired	(3,075,776)		4.80
Balance, December 31, 2020	**6,654,799**	**$**	**1.32**
Issued	423,000		0.06
Cancelled or expired	(1,375,274)		0.56
Balance, September 30, 2021	**5,702,525**	**$**	**1.41**

(Expressed in Canadian dollars, unless otherwise stated)

For the nine months ended September 30, 2021, the Company recorded share-based compensation of $1,292,410 (2020 - $2,152,813) for options. This expense is included in the share-based compensation line on the unaudited condensed interim consolidated statements of loss and comprehensive loss.

Options issued during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

Options issued	September 30, 2021	December 31, 2020
Risk-free annual interest rate (i)	2.27%	1.46% - 1.60%
Expected annual dividend yield	-	-
Expected share price volatility (ii)	111.02%	111.02% - 112.36%
Expected life of options (years) (iii)	3	3 - 4
Forfeiture rate	nil%	nil%

i. Based on the U.S. treasury bill rate with a term equal to the expected life of the options
ii. Estimated using the average historical volatility of the Company
iii. Represents the time period that options granted are expected to be outstanding

The following table summarizes the share options outstanding, both vested and unvested, as at September 30, 2021:

Grant Date	Outstanding #	Exercisable #	Exercise Price $	Remaining Life (years)	Expiry Date
November 13, 2018	163,999	163,999	12.00	1.12	November 13, 2022
December 3, 2018	80,340	80,340	6.67	1.18	December 3, 2022
September 30, 2020	4,584,851	3,728,650	0.05	3.00	September 30, 2024
October 7, 2020	45,000	28,125	0.07	2.02	October 7, 2023
May 26, 2021	423,000	132,188	0.06	2.65	May 26, 2024
As at September 30, 2021	**5,702,525**	**4,133,302**	**1.41**	**2.68**	

(d) Warrants reserve

Warrants issued to officers and third parties are for the purpose of compensation or financial advisory services received back in 2018. All warrants are exercisable from the grant date to the expiry date.

	Warrants (#)	Weighted Average Exercise Price ($)
Balance, December 31, 2020	2,119,348	$ 4.15
Expired	(374,148)	3.10
Balance, September 30, 2021	**1,745,200**	**$ 4.46**

The following table summarizes the warrants outstanding as at September 30, 2021:

Grant Date	Converted to MJardin Units	Exercise Price	Expiry Date	Fair Value at Grant Date
June 15, 2018	1,495,200	3.20	June 23, 2023	5,840,347
November 13, 2018	250,000	12.00	November 14, 2021	1,551,300
As at September 30, 2021	**1,745,200**	**4.46**		**7,391,647**

(e) Long term incentive plan ("LTIP")

Under the terms of the LTIP, the Board of Directors (the "Board") or a committee on behalf of the Board may grant awards, which may be in the form of options, restricted shares, compensatory shares, stock appreciation rights, RSUs, deferred share units (collectively, "Equity Awards") to officers, directors, employees or consultants of the Company. The maximum number of common shares which may be reserved and set aside for issue, in respect of awards to eligible

(Expressed in Canadian dollars, unless otherwise stated)

participants under the LTIP, shall not exceed 12.5% of the total issued and outstanding common shares of the Company, or 11,267,559 common shares of the Company with the conversion of all issued and outstanding common shares.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME

	September 30, 2021	December 31, 2020
	$	$
Balance at the beginning of the period	3,024,547	1,321,154
(Loss) gain on foreign currency translation adjustment, unrealized	(277,271)	1,741,792
Gain (loss) on change in fair value of investment, unrealized (Note 9)	2,904	(38,399)
Balance at the end of the period	**2,750,180**	**3,024,547**

17. REVENUES

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Revenue from cannabis produced - Wholesale	330,193	739,564	924,847	739,564
Revenue from cannabis produced - Retail	810,249	-	2,217,882	-
Cultivation management services in USA	182,345	4,103,538	653,081	8,412,135
Total	**1,322,789**	**4,843,102**	**3,795,812**	**9,151,699**

Significant customers are considered to have sales greater than 10% of the Company's revenue during the period. For the three and nine months ended September 30, 2021, there were four and six significant customers who represented 30% and 86% of the Company's revenue, respectively, whereas there being one significant customer who represented 58% and 55% of the Company's revenue for the same periods in 2020.

18. SALES, GENERAL AND ADMINISTRATIVE

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Payroll and benefits	963,399	2,123,164	2,857,733	6,143,120
Canada emergency wage subsidy	(131,082)	-	(963,972)	-
Professional and consulting fees	316,361	971,854	1,261,378	3,323,567
IT costs	70,857	85,437	250,932	193,137
Office leases	112,602	95,869	338,863	285,871
Travel	5,874	4,908	10,611	53,468
Insurance	278,975	242,862	853,606	730,185
Investor relations and marketing	34,395	32,376	178,172	98,218
Other general & administrative	69,231	184,774	270,612	435,786
Total	**1,720,612**	**3,741,244**	**5,057,935**	**11,263,352**

(Expressed in Canadian dollars, unless otherwise stated)

19. INTEREST EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
	$	$	$	$
Long-term debt (Note 12)	4,776,005	7,755,958	14,668,019	15,366,255
Promissory notes payable (Note 11)	199,066	187,496	562,382	648,329
Finance lease (Note 13)	35,605	41,531	112,024	130,972
Total	**5,010,676**	**7,984,985**	**15,342,424**	**16,145,556**

20. INCOME TAX

The reconciliation of the combined Canadian and U.S. federal and provincial and state corporate income taxes, and to the Company's effective income tax expense, is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
		$		$
(Loss) income before income tax	(21,373,652)	11,450,688	(33,606,797)	(3,511,735)
Statutory tax rate	26.5%	26.5%	26.5%	26.5%
Expected income tax recovery	(5,664,018)	3,330,683	(8,905,801)	(930,610)
Differences in tax rates	36,443	(691,274)	205,832	193,145
Permanent non-deductible differences	–	1,351,188	1,339,797	3,596,546
Changes in tax benefits not recognized	5,819,554	(552,432)	7,316,208	1,697,010
Total	**191,979**	**3,438,165**	**(43,965)**	**4,556,092**
Current income tax expense (recovery)	–	3,578,858	(19,049)	4,232,963
Deferred income tax expense (recovery)	87	(140,693)	(24,916)	323,128
Total income tax expense (recovery)	**87**	**3,438,165**	**(43,965)**	**4,556,092**

As many of the Company's U.S. subsidiaries operate in the cannabis industry and are subject to the limitations of IRC Section 280E, the impact results in a permanent tax difference as a disallowed tax deduction. Therefore, the U.S. effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss due to the material impact of Section 280E.

The following table summarizes the components of deferred tax liabilities:

	September 30, 2021	December 31, 2020
Non-capital losses carried forward	1,341,903	2,194,753
Property, plant and equipment	(448,686)	(448,369)
Inventory	(248,675)	(1,088,173)
Investments	(917,574)	(916,926)
Other	(224,840)	(282,858)
Deferred tax liabilities	**(497,872)**	**(541,573)**

21. (LOSS) EARNINGS PER SHARE

As the Company incurred net losses for the three and nine months ended September 30, 2021 and 2020, the loss per common share is based on the weighted average number of common shares outstanding during the periods. As the effect of the outstanding options, RSUs, and warrants are anti-dilutive as at September 30, 2021 and 2020, diluted loss per share does not differ from basic loss per share. For the three and nine months ended September 30, 2021, the

(Expressed in Canadian dollars, unless otherwise stated)

impact of 5,702,525 outstanding options, 103,650 outstanding RSUs, and 1,745,200 outstanding warrants are not included in the calculation of diluted loss per share (2020 – 5,386,395 outstanding options, 3,491,670 outstanding RSUs, and 2,271,100 outstanding warrants).

22. COMMITMENTS AND CONTINGENCIES

The Company does not have any material commitments other than those previously disclosed in these condensed interim consolidated statements of financial position. The table in Note 23 b) summarizes the amounts and maturity dates of the Company's contractual obligations as at September 30, 2021.

The Company is subject to certain claims and potential claims. The Company does not expect any of these, individually or in the aggregate, to have a material adverse effect on our financial results. The outcome of all proceedings and claims against the Company are subject to future resolution that includes the uncertainties of litigation. It is not possible for us to predict the result or magnitude of the claims due to the various factors and uncertainties involved in the legal process. Based on information currently known to us, we believe it is not probable that the ultimate resolution of any of these proceedings and claims, individually or in the aggregate, will have a material adverse effect on our business, financial results, or financial condition. If it becomes probable that we will be held liable for claims against us, we will recognize a provision during the period in which the change in probability occurs, which could be material to the condensed interim consolidated statements of financial position.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair Value Hierarchy

The estimated fair values of the cash, restricted cash, accounts receivable, due from related parties, investments, accounts payable and accrued liabilities, due to related parties, convertible debt, promissory notes payable, and indemnity liabilities approximate their carrying values due to the relatively short-term nature of the instruments. The estimated fair values of long-term deposits and long-term debt approximate carrying values since effective interest rates are not significantly different from market rate. The carrying value of the debt differs from the fair value due to transaction costs. The carrying value of the long-term deposits differ from the fair value at inception since they are non-interest bearing.

Financial instruments recorded at fair value on the condensed interim consolidated financial statements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no changes to the classification of financial instruments using the fair value hierarchy as shown below:

$	Level 1	Level 2	Level 3	**Total**
As at September 30, 2021				
Investment in DNA Genetics	-	-	1,913,005	1,913,005
As at December 31, 2020				
Investment in DNA Genetics	-	-	1,910,101	1,910,101

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash, restricted cash, accounts receivable, and related parties receivable. The Company assessed the collectability of its accounts receivable and related party receivable, and as at September 30, 2021, an expected credit loss amount of $nil (December 31, 2020 – $739,314) was recorded consistent with Note 4. The risk for cash is mitigated by holding these instruments with highly rated financial institutions. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. Accounts receivable primarily consist of amounts due from the sales tax credits that the Company expects to

(Expressed in Canadian dollars, unless otherwise stated)

fully recover. The risk exposure is limited to their carrying amounts at the condensed interim consolidated statements of financial position date. As at September 30, 2021 and December 31, 2020, the Company's maximum percentage exposure to credit risk is represented by its largest customer in dollar value. This amounts to 34% and 46%, respectively, of consolidated accounts receivable. As at September 30, 2021 and December 31, 2020, the Company's maximum dollar value exposure to credit risk is $2,900,984 and $10,163,990, respectively. This is determined as the total amount of cash, restricted cash, accounts receivable, and due from related parties as at the date of the condensed interim consolidated statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing, and investing activities.

The Company's cash flow is generated from debt financing or equity raises. The Company monitors cash on a regular basis and reviews expenses and overhead to ensure costs and commitments are being paid in a timely manner. Management has worked with and negotiated with vendors to ensure payment arrangements are satisfactory to all parties and that monthly cash commitments are managed within the Company's operating cash flow capabilities.

During the nine months ended September 30, 2021, the Ontario Superior Court of Justice appointed PricewaterhouseCoopers Inc. as receiver ("Receiver") and manager over the assets, undertakings, and properties of the Company's senior lender. Since then, the Company has been in contact with the Receiver regarding the loan agreements. The Company and the Receiver then entered into additional waivers with respect to the loan agreements and the maturity date for the principal balance, including interest payable thereon, was extended to November 30, 2022. Pursuant to the additional waivers, the Company is no longer required to assess compliance with the financial covenants until November 30, 2022 and the principal balance, including interest payable thereon, is due November 30, 2022.

As at September 30, 2021, the Company had a cash balance of $626,443. The following table summarizes the amounts and maturity dates of the Company's contractual obligations as at September 30, 2021:

	Within 1 year	2 to 5 years	More than 5 years	Total
	$	$	$	$
Accounts payable and accrued liabilities	11,381,496	-	-	11,381,496
Due to related parties	253,705	-	-	253,705
Income taxes payable	15,332,156	-	-	15,332,156
Promissory notes payable	6,845,876	2,696,276	-	9,542,152
Finance leases	374,233	1,751,443	985,023	3,110,699
Long-term debt	-	161,254,287	-	161,254,287
Total	**34,187,466**	**165,702,006**	**985,023**	**200,874,495**

(c) Market risk

Currency risk

Currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at September 30, 2021, the Company had functional currencies of Canadian dollars and US dollars for US subsidiaries' financial assets and liabilities for which cash flows were denominated in foreign currencies. Management closely monitors the fluctuation of the Company's foreign currency and believes the foreign currency exchange risk derived from its other activities is low, so therefore, does not hedge the foreign currency exchange risk arising from these activities. The impact on net income (loss) from changes in the foreign exchange rates are shown in the table below:

	Net income (loss)			
	September 2021		September 2020	
	-100 bps	+ 100 bps	- 100 bps	+ 100 bps
USD/CAD	$ (389,949)	$ 389,949	$ (327,275)	$ 327,275

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing assets other than cash. The Company's debt

(Expressed in Canadian dollars, unless otherwise stated)

facilities carry interest at prime rate plus a fixed rate. The Company is exposed to fluctuations in the prime rate.

The table below details the effect on income (loss) before tax of a 100-basis points strengthening or weakening of the BNS Prime Rate on the debt facilities. 100-basis points sensitivity is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates:

	Net income (loss)			
	September 2021		September 2020	
	-100 bps	+ 100 bps	- 100 bps	+ 100 bps
BNS Prime rate	$ 497,444	$ (501,975)	$ 388,224	$ (391,760)

24. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in equity and debt, net of cash. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities. The Company was subject to certain covenant requirements related to its debt facilities up until December 31, 2020. See Note 12 c) for more information.

25. NON-CONTROLLING INTEREST

Non-controlling interest represents the ownership interest by third parties in **Highgrade MMJ Corporation** ("GRO"), which is a business that is controlled and consolidated by the Company.

	$
Balance, January 1, 2020	**3,734,102**
Portion of net loss at 24.49%	12,101
Balance, December 31, 2020	**3,746,203**
Portion of net loss at 24.49%	(315,081)
Balance, September 30, 2021	**3,431,122**

26. IMPAIRMENT

As at September 30, 2021, the Company performed an assessment for indicators of impairment for all CGUs. The CGUs are the operating segments described in Note 3. The Company considers external and internal factors, including overall financial performance and relevant entity specific factors, as part of this assessment.

During the three months ended September 30, 2021, the Company noted the shutdown of the Warman facility as an indicator of impairment for the cultivation operations in Canada operating segment and proceeded to test for potential impairment loss.

The Company allocated its property, plant, and equipment to its segments for the purpose of impairment testing. This represents the lowest level at which management monitors intangible assets and property, plant, and equipment. The recoverable amount of the cultivation operations in Canada was determined based on fair value less cost of disposal ("FVLCD") using level 3 inputs in a market approach methodology.

The following table summarizes the carrying values prior to impairment, recoverable values, and impairment loss recognized on the assets of the Warman CGU as at and for the three and nine months ended September 30, 2021:

(Expressed in Canadian dollars, unless otherwise stated)

	Carrying Value	Recoverable Value	Impairment
	$	$	$
Assets held for sale (Note 6)	4,893,576	1,780,003	3,113,573
Property, plant and equipment (Note 8)	13,653,634	5,121,435	8,532,198
Total assets in the Warman CGU	**18,547,209**	**6,901,438**	**11,645,771**

As a result of the impairment test, management concluded that the carrying amount was higher than the fair value and recorded an impairment loss of $3.1 million and $8.5 million on the assets held for sale and the property, plant and equipment, respectively, within the CGU during the three and nine months ended September 30, 2021 (2020 - $nil). Management allocated the impairment loss to specific property, plant and equipment identified to have carrying value above its fair value. No individual assets were reduced below its fair value.

27. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended September 30,	
	2021	2020
	$	$
Accounts receivable	5,267,516	1,150,000
Due from related parties	395,183	2,299,017
Biological assets	773,329	542,125
Inventory	(2,631,014)	(2,160,939)
Prepaid expense and other assets	987,814	(520,041)
Accounts payable and accrued liabilities	1,830,257	6,211,507
Income taxes payable	(7,954)	4,447,940
Due to related parties	(100,214)	-
Total changes in working capital	**6,514,917**	**11,969,609**

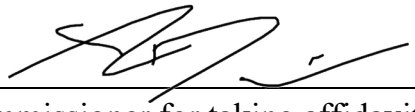
	Nine months ended September 30,	
	2021	2020
	$	$
Net earnings from equity investment (Note 9)	(3,158,327)	(4,718,264)
Loss (gain) on loan modifications (Note 12)	1,264,065	(754,122)
Loss from discontinued operations	-	5,303,809
Other	(542,131)	1,764,301
Total add-back for non-cash (gain) loss	**(2,436,393)**	**1,595,724**

28. SUBSEQUENT EVENT

Sales and investment solicitation process (SISP)

On October 13, 2021, the Company announced that the final bid deadline in connection with the SISP has been extended with regards to the Company's US financial assets. The final bids for selected qualified bidders is expected to be on or about November 15, 2021.

This is Exhibit "J" referred to in the
Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

MJardin Group, Inc.

Consolidated Financial Statements

As at December 31, 2020 and 2019

(Expressed in Canadian dollars, unless otherwise stated)

Independent Auditor's Report

To the Shareholders of MJardin Group, Inc.:

Opinion

We have audited the consolidated financial statements of MJardin Group, Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of loss and other comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that for the year ended December 31, 2020 the Company incurred a net loss and negative cash flow from operations, and as at December 31, 2020, had a working capital deficit. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shaila Rani Mehta.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

April 29, 2021

Licensed Public Accountants

MJardin Group, Inc.
Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise stated)

As at	Note	December 31, 2020	December 31, 2019
Assets		$	$
Current assets			
Cash		1,511,921	10,019,356
Restricted cash		-	3,000,000
Accounts receivable	4	7,611,881	5,759,220
Due from related parties	17	1,040,188	3,468,013
Biological assets	7	1,612,817	148,209
Inventory	7	4,486,483	516,360
Prepaid expenses and other assets	5	1,632,532	1,261,608
Assets held for sale	6	4,893,576	51,865,461
Total current assets		**22,789,398**	**76,038,227**
Non-current assets			
Property, plant and equipment	8	41,489,341	42,793,142
Investments	9	36,494,794	32,292,377
Other long-term assets	10	-	2,069,326
Intangible assets	11	11,200	10,628,389
Total non-current assets		**77,995,335**	**87,783,234**
Total assets		**100,784,733**	**163,821,461**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	9,362,942	14,146,925
Due to related parties	17	353,919	340,030
Current portion of finance lease	15	436,849	429,881
Current portion of long-term debt	14	152,974,065	15,082,074
Income taxes payable	27	15,321,326	9,593,911
Current portion of promissory note payable	13	6,285,109	11,476,603
Unearned proceeds on disposition	6	-	38,966,252
Liabilities of assets held for sale	6	-	14,458,659
Total current liabilities		**184,734,210**	**104,494,335**
Non-current liabilities			
Non-current portion of finance lease	15	2,842,222	3,148,016
Long-term debt	14	-	112,992,470
Deferred tax liabilities	27	541,573	1,242,422
Non-current portion of promissory note payable	13	2,302,840	-
Indemnity liability	16	-	2,597,600
Convertible debentures		127,320	67,250
Total non-current liabilities		**5,813,955**	**120,047,758**
Total liabilities		**190,548,165**	**224,542,093**
Shareholders' deficiency			
Common share equity	18(a)	263,493,688	250,661,573
Restricted share units reserve	18(b)	10,182,781	21,537,369
Options reserve	18(c)	11,048,323	8,419,408
Warrants reserve	18(d)	9,946,918	9,946,918
Accumulated other comprehensive income	19	3,024,547	1,321,154
Deficit		(383,713,486)	(348,872,952)
Deficiency attributable to the shareholders of MJardin Group, Inc.		(86,017,229)	(56,986,530)
Non-controlling interest	32	(3,746,203)	(3,734,102)
Total shareholders' deficiency		(89,763,432)	(60,720,632)
Total liabilities and shareholders' deficiency		**100,784,733**	**163,821,461**

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

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 29)
Subsequent events (Note 34)

Approved by the Board of Directors

/s/ Graham Marr Director
Date: April 29, 2021

/s/ Adrian Montgomery Director
Date: April 29, 2021

MJardin Group, Inc.
Consolidated Statements of Loss and Other Comprehensive Loss
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise stated)

	Note	Year ended December 31, 2020	2019
		$	$
Revenues	20	11,436,269	26,696,824
Direct operating costs		(7,211,318)	(17,277,518)
Inventory write-down	7	(1,988,564)	–
Gross margin before fair value adjustments		**2,236,387**	**9,419,306**
Fair value adjustment on the sale of cultivated inventory	7	385,480	612,586
Unrealized gain on changes in fair value of biological assets	7	(3,827,226)	(689,782)
Gross margin		**5,678,133**	**9,496,502**
Operating expenses			
Sales, general and administrative	21	14,448,799	21,527,552
Share-based compensation		2,772,367	19,180,400
Depreciation and amortization		1,394,157	1,469,384
Expected credit loss	22	1,673,154	26,213,378
Total operating expenses		20,288,477	68,390,714
Loss from operations		**(14,610,344)**	**(58,894,212)**
Interest expense		21,898,303	19,529,929
Loan initiation fees		–	540,091
Net earnings from equity investment	9	(4,240,817)	(2,757,155)
Gain on disposition of equity investment		–	(897,100)
Impairment	26	15,980,224	191,653,185
Gain on loan modifications	14	(363,720)	(161,504)
Foreign exchange loss		1,120,388	2,646,211
Gain on disposition of GreenMart of Nevada, LLC	24	(23,345,642)	–
Other income		(728,572)	(206,723)
Total other expenses		10,320,164	210,346,934
Loss before income tax, discontinued operations		**(24,930,508)**	**(269,241,146)**
Income tax (expense) recovery	27	(5,509,602)	4,302,996
Loss before discontinued operations		**(30,440,110)**	**(264,938,150)**
Loss from discontinued operations	6	(4,400,424)	(2,529,777)
Net loss		**(34,840,534)**	**(267,467,927)**
Other comprehensive income (loss)		1,703,393	(2,368,821)
Total comprehensive loss		**(33,137,141)**	**(269,836,748)**
Total comprehensive loss attributable to:			
Shareholders of MJardin Group, Inc.		(33,125,040)	(269,436,091)
Non-controlling interest	32	(12,101)	(400,657)
Total comprehensive loss		**(33,137,141)**	**(269,836,748)**
Weighted average number of common shares (basic and diluted)	28	88,802,674	81,697,041
Basic and diluted loss per share from continuing operations	28	$ (0.34)	$ (3.27)
Basic and diluted loss per share from discontinued operations	28	(0.05)	(0.03)
Basic and diluted loss per share	**28**	**$ (0.39)**	**$ (3.30)**

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

MJardin Group, Inc.
Consolidated Statements of Changes in Shareholders' Deficiency
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise stated)

	Number of units	Common shares [Note 18(a)]	RSU reserves [Note 18(b)]	Options reserves [Note 18(c)]	Warrants reserves [Note 18(d)]	Accumulated other comprehensive income (Note 19)	Deficit	Non-controlling interests (Note 32)	Total
	#	$	$	$	$	$	$	$	$
Balance at January 1, 2019	**76,651,771**	**239,752,430**	**16,619,309**	**1,860,068**	**9,946,918**	**3,689,975**	**(81,405,025)**	**(3,333,445)**	**187,130,230**
Shares issued on Cannabella acquisition	741,765	529,720	-	-	-	-	-	-	529,720
Restricted share units transferred to common shares	1,224,635	7,703,000	(7,703,000)	-	-	-	-	-	-
Common shares issued for acquistion of GreenMart of Nevada, LLC	1,582,676	2,453,148	-	-	-	-	-	-	2,453,148
Convertible debentures interests paid by shares issued	74,641	223,275	-	-	-	-	-	-	223,275
Loss attributable to non-controlling interests	-	-	-	-	-	-	-	(400,657)	(400,657)
Share-based compensation	-	-	12,621,060	6,559,340	-	-	-	-	19,180,400
Net loss	-	-	-	-	-	(2,368,821)	(267,467,927)	-	(269,836,748)
Balance at December 31, 2019	**80,275,488**	**250,661,573**	**21,537,369**	**8,419,408**	**9,946,918**	**1,321,154**	**(348,872,952)**	**(3,734,102)**	**(60,720,632)**
Balance at January 1, 2020	**80,275,488**	**250,661,573**	**21,537,369**	**8,419,408**	**9,946,918**	**1,321,154**	**(348,872,952)**	**(3,734,102)**	**(60,720,632)**
Private placement [Note 18(a)(i)]	4,716,982	1,000,000	-	-	-	-	-	-	1,000,000
Shares issued for legal settlements [Note 18(a)(ii)]	3,272,727	334,075	-	-	-	-	-	-	334,075
Restricted share units transferred to common shares [Note 18(a)(iii)]	1,476,000	11,498,040	(11,498,040)	-	-	-	-	-	-
Loss attributable to non-controlling interests	-	-	-	-	-	-	-	(12,101)	(12,101)
Share-based compensation	-	-	143,452	2,628,915	-	-	-	-	2,772,367
Net income (loss)	-	-	-	-	-	1,703,393	(34,840,534)	-	(33,137,141)
Balance at December 31, 2020	**89,741,197**	**263,493,688**	**10,182,781**	**11,048,323**	**9,946,918**	**3,024,547**	**(383,713,486)**	**(3,746,203)**	**(89,763,432)**

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

MJardin Group, Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Canadian dollars, unless otherwise stated)

	Note	Year ended December 31, 2020	2019
Operating activities		$	$
Net loss		(34,840,534)	(267,467,927)
Adjustments for:			
Inventory write-down	7	1,988,564	-
Fair value adjustment on the sale of cultivated inventory	7	385,480	612,586
Unrealized gain on changes in fair value of biological assets	7	(3,827,226)	(689,782)
Share-based compensation		2,772,367	19,180,400
Depreciation and amortization		1,394,157	1,469,384
Impairment	26	15,980,224	191,653,185
Expected credit loss	22	1,673,154	26,213,378
Foreign exchange loss		1,120,388	370,571
Gain on disposition of GreenMart of Nevada, LLC	24	(23,345,642)	-
Deferred income tax recovery	27	(671,902)	(11,348,531)
Loan initiation fees		-	540,091
Interest expense		21,898,303	19,529,929
Interest paid		(591,412)	(18,611,746)
Interest income		-	(3,457,735)
Non-cash loss (gain)	33	720,896	(3,112,920)
Cash outflow from operating activities before changes in working capital		**(15,343,183)**	**(45,119,117)**
Changes in working capital items	33	5,263,149	1,954,790
Cash outflow from operating activities		**(10,080,034)**	**(43,164,327)**
Investing activities			
Purchase of property, plant, and equipment	8	(6,841,283)	(18,198,845)
Proceeds from disposition of property, plant, and equipment	8	37,898	3,346,690
Proceeds from disposition of assets held for sale	6	5,852,665	-
Deposit received on disposition of Greenmart of Nevada, LLC	24	-	38,966,252
Cash transferred to assets held for sale	6	(2,041,646)	(226,680)
Investment in AtlantiCann Medical Inc.	9	-	(3,500,000)
Proceeds from disposition of investment in AtlantiCann Medical Inc.	9	-	8,250,000
Cash (outflow) inflow from investing activities		**(2,992,366)**	**28,637,417**
Financing activities			
Issuance of common shares	18(a)	1,000,000	-
Cash acquired from acquisition of Greenmart of Nevada, LLC		-	177,370
Proceeds from debt	14	7,000,000	20,000,000
Proceeds from promissory note payable	13	(5,411,253)	11,000,000
Repayment of promissory note payable	13	2,279,263	-
Repayment of debt		-	(36,998,687)
Repayment of finance leases	15	(298,600)	(1,258,440)
Cash inflow (outflow) from financing activities		**4,569,410**	**(7,079,757)**
Decrease in cash		(8,502,990)	(21,606,667)
Net effect of foreign exchange on cash		(4,445)	1,185,709
Cash – beginning of the year		10,019,356	30,440,314
Cash – end of the year		**1,511,921**	**10,019,356**

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

Supplemental cash flow information (Note 33)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

MJardin Group, Inc., (the "Company") is a publicly traded cannabis cultivation and management services company. In 2018, the Company's shares commenced trading on the Canadian Securities Exchange under the ticker symbol MJAR. The consolidated financial statements of the combined entities are issued under the legal parent, MJardin Group, Inc.

The Company has two groups of subsidiaries. One is the MJardin Group of companies ("MJardin Group"), which provides professional management operational and cultivation services in Canada and the United States of America (the "USA"). The other group is GrowForce, which is engaged in the cultivation and sale of cannabis products in Canada.

The Company's headquarters are located at 1 Toronto Street, Suite 801, Toronto, Ontario M5C 2V6. The Company's operating subsidiaries have US facilities in Colorado, Canadian production facilities in Ontario and Manitoba, and joint venture owned production facility in Nova Scotia. The Canadian production facilities in Ontario are legally part of the following entities: 8586985 Canada Corporation ("Will"), Highgrade MMJ Corporation ("GRO"), and GrowForce Manitoba Inc. ("Warman").

Going concern

These consolidated financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

For the year ended December 31, 2020, the Company reported a net loss of $34,840,534 (December 31, 2019 – $267,467,927), cash outflow from operating activities of $10,080,034 (December 31, 2019 – outflow of $43,164,327), working capital deficit of $161,944,812 (December 31, 2019 – $28,456,108) and an accumulated deficit of $383,713,486 (December 31, 2019 – $348,872,952).

These conditions create a material uncertainty which may cast a significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities, which may be necessary should the Company be unable to continue as a going concern.

Management acknowledges that there is significant uncertainty over the Company's ability to meet its funding requirements as they fall due. The Company's ability to continue in the normal course of operations is dependent on its ability to raise additional capital through debt and equity financings and to start generating positive cash flow from operating activities. While the Company has been successful in raising capital in the past, there is no assurance that it will be successful in closing further financing in the future.

a) Debt facilities

During the year ended December 31, 2020, the Company executed an amendment to its loan agreement ("Amending Agreement') with its senior lender allowing it to defer principal and interest payments. Details of the amendments are provided in Note 14.

As at December 31, 2020, the Company is not in compliance with its Senior Leverage Ratio and Fixed Charge Coverage Ratio for both its loans owed by Canadian and U.S. facilities. Refer to Note 14(c) for a description of how these covenants are determined. As at December 31, 2019, the Company was in compliance with its financial covenants.

On April 21, 2021, the Company received a signed waiver from the senior lender for the breach of its financial covenants under the loan agreements in-force as at December 31, 2020. Under the terms of the waiver, the entirety of the principal balance, including accrued interest payable up until the repayment date, is due May 1, 2022. Although management believes the Company will be successful in ramping up production at its cultivation facilities to generate cash flows to begin to meet future debt requirements, the outcome of these matters cannot be certain at this time. In the event that the Company cannot meet its repayment obligation on May 1, 2022, the Company will look to alternative sources of financing, delay capital expenditures and/or evaluate potential asset sales, and potentially could be forced to curtail or cease operations or seek relief under applicable bankruptcy or insolvency laws.

b) COVID-19 contagious disease

During the year ended December 31, 2020, COVID-19 had an adverse impact on local economics and the global economy. COVID-19 affected the Company's ability to continue its construction at its facilities, particularly Will, and resulted in temporary shortages of staff to the extent its workforce is impacted. Construction activities at Will were completed during the third quarter of 2020. The Company made active efforts to minimize the impact of COVID-19.

Facilities were professionally cleaned to support the staff's return to work and mitigate any potential facility outbreak. Additional equipment vendors were sourced to address suppliers who became no longer available or had a lack of supplies on hand. A potential facility outbreak, if uncontrolled, could have a material adverse effect on our business, financial condition, results of operations, and cash flows including lost revenue. The Company's operations are considered an essential service in all jurisdictions and all facilities are continuing to operate with protocols in place to prevent the spread of the virus. There was no significant impact on revenues from COVID-19. The Company continues to monitor and assess the impact that COVID-19 will have on the business and its revenues.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein as issued by International Accounting Standards Board ("IASB"). These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 29, 2021.

The Company has reclassified certain items on the comparative consolidated statements of financial position, consolidated statements of loss and other comprehensive loss, and consolidated statements of cash flows to improve clarity.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for biological assets, share based payments, warrants and certain financial instruments which are measured at fair value. See Note 30 for details.

Beginning January 1, 2020, the Company adopted the revised Conceptual Framework for Financial Reporting ("revised conceptual framework"). The revised conceptual framework does not constitute a substantial revision from the previously effective guidance but does provide additional guidance on topics not previously covered such as presentation and disclosure. The adoption of the revised conceptual framework did not have a material impact on the consolidated financial statements.

c) Presentation and functional currency

These consolidated financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the subsidiaries in Canada and the US dollar is the functional currency for all US subsidiaries of the Company.

d) Basis of consolidation

These consolidated financial statements of the Company for the years ended December 31, 2020 and 2019 comprise results of the Company and its subsidiaries.

Subsidiaries are entities over which the Company has control. An investor controls an investee when it is exposed or has rights to variable returns from the subsidiaries and can affect these returns. Subsidiaries are fully consolidated from the date the Company acquires control of them and are deconsolidated from the date control ceases. All intercompany balances, revenues, expenses, earnings and losses resulting from intercompany transactions are eliminated on consolidation. For subsidiaries that are not wholly-owned subsidiaries but are controlled by the Company, the net assets (liabilities) and net income (loss) attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the consolidated statements of financial position, and in the consolidated statements of loss and other comprehensive loss.

Non-controlling interests in the net assets of consolidated subsidiaries are a separate component of the Company's equity. Non-controlling interests consist of the non-controlling interests on the date of the original acquisition plus the non-controlling interests' share of changes in equity since the date of acquisition.

The Company's subsidiaries and ownership interests are stated below for the years ended December 31, 2020 and 2019.

Entity Name	Country of Incorporation	% of Ownership
MJAR Holdings Corp.	U.S.A	100%
GrowForce Holdings Inc.	Canada	100%
GrowForce Manitoba Inc.	Canada	100%
8586985 Canada Corporation	Canada	100%
Grand River Organics Inc.	Canada	75.5%
Highgrade MMJ Corporation	Canada	75.5%

(Expressed in Canadian dollars, unless otherwise stated)

Entity Name	Country of Incorporation	% of Ownership
GrowForce AC Holdings Inc.[1]	Canada	39%
AtlantiCann Medical Inc.[1]	Canada	39%
Ringsby Services Inc.	Canada	100%
MJardin Management, LLC	U.S.A	100%
6100 E. 48th Ave., LLC	U.S.A	100%
MJardin Management Colorado, LLC	U.S.A	100%
MJardin Services Inc.	U.S.A	100%
MJardin Management Nevada, LLC	U.S.A	100%
MJardin Management Florida, LLC	U.S.A	100%
MJardin Management Massachusetts, LLC	U.S.A	100%
MJardin Management Missouri, LLC	U.S.A	100%
MJardin Management Pennsylvania, LLC	U.S.A	100%
MJardin Capital, LLC	U.S.A	100%
MJardin Management Ohio, Inc.	U.S.A	100%
MJardin Management Texas, LLC	U.S.A	100%
Buddy Boy Brands Holdings, LLC	U.S.A	100%
Buddy Boy Brands, LLC	U.S.A	100%
2426 S. Federal, LLC	U.S.A	100%
5040 York, LLC	U.S.A	100%
EC Consulting, LLC	U.S.A	100%
F&L Investments, LLC	U.S.A	100%
GreenMart of Nevada, LLC[2]	U.S.A	100%
MJardin Merger Sub, LLC	U.S.A	100%

e) Cash and restricted cash

Cash includes cash on hand and funds in escrow. All of the Company's cash is held with major financial institutions and thus the exposure to credit risk is considered insignificant. See Note 12(a) on unrestricted cash released this year.

f) Biological assets

Biological assets consist of cannabis plants that are measured at fair value less costs to sell up to the point of harvest.

The significant assumptions used in determining the fair value of biological assets include:

- Expected yield by plant adjusted for expected wastage – represents the expected number of grams of finished cannabis inventory, which are expected to be obtained from each cannabis plant;
- Percentage of costs incurred to date compared to the total expected costs to be incurred per stage of growth and over the life of the plant – used to estimate the fair value of an in-process plant at each stage;
- Expected weighted average selling price per gram of harvested cannabis – calculated as the weighted average historical selling price for all strains of cannabis sold by the Company during the three-month period immediately preceding the period-end, which is expected to approximate future selling prices; and
- Expected number of days remaining in each stage of growth and over the life of the plant.

While the Company's biological assets, consisting of cannabis plants, are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labour related costs, grow consumables, utilities, facilities costs including an allocation of overhead costs related to production facility, quality and testing costs, and production related depreciation. Capitalized costs are subsequently recorded within cost of sales in the consolidated statements of loss and other comprehensive loss in the period that the related product is sold.

The Company measures biological assets, at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are separately recorded in the consolidated statements of loss and other comprehensive loss. Cost to sell includes post harvest production costs and fulfilment costs. When the finished cannabis is subsequently sold, the unrealized gains or losses capitalized to inventory are recognized as a fair value adjustment on the sale of cultivated inventory on the consolidated statements of loss and other comprehensive loss.

[1] GrowForce AC Holdings Inc. is the holding entity with 100% ownership of the investment in AtlantiCann Medical Inc ("AMI"). AMI is an equity-accounted investment. See Note 9 for further details.

[2] GreenMart of Nevada LLC was consolidated for part of the year, control was transferred in August 2020. See Note 24 for more details. All other entities were consolidated throughout the full year.

g) Inventory

Inventory consists of bulk cannabis, finished cannabis goods and consumable supplies. Inventories of bulk cannabis are transferred from biological assets at their fair value at the point of harvest, which becomes the initial deemed cost. All subsequent direct and indirect post-harvest costs are capitalized to inventory as incurred, including labour related costs, consumables, packaging supplies, facilities costs including an allocation of overhead costs related to production facility, quality and testing costs, and related depreciation.

Bulk cannabis and finished cannabis goods are valued at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Consumable supplies are valued at the lower of costs and net realizable value with cost determined based on an average cost basis. The Company reviews these types of inventory for obsolescence and slow turnover that they are written down and reflected at net realizable value. When assessing net realizable value, the Company considers the impact of price fluctuation, inventory spoilage, inventory excess, age, and damage.

The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventory and thus any significant estimates and judgments related to the valuation of biological assets are also applicable for inventory. The valuation of work-in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the carrying amount for the inventory. The Company also uses significant judgments in determining if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

h) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The initial cost of property, plant and equipment comprises its purchase price or construction cost and any costs directly attributable to bringing it to a working condition for its intended use. The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset. Where an item of property, plant and equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

For all property, plant and equipment, depreciation is calculated over the useful life of related assets from the date it is available for use through the straight-line method of measurement.

Construction-in-progress includes property, plant and equipment in the course of construction and is carried at cost including any financing costs directly attributable to the construction, less any recognized impairment charge. These assets are reclassified to the appropriate category of property, plant and equipment and depreciation of these assets commences when they are completed and ready for their intended use.

An item of property, plant and equipment, including any significant part initially recognized, is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in net loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of all assets are reviewed at each financial year end and are adjusted, if appropriate. Depreciation is calculated based on applying the straight-line method over the useful life of the assets as indicated in the table below. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term. Depreciation is recognized from the commencement date of the lease.

Asset Class	**Estimate of Useful Life**
Land	Not applicable
Building	25-40 years
Computer equipment	3-5 years
Production equipment	5 years
Furniture and fixtures	5 years
Leasehold Improvements	Over the term of the lease agreement
Construction under progress	No depreciation until ready for use

i) Borrowing costs

Interest from the loans is capitalized for qualifying assets like construction-in-progress that take longer than six months to complete and interest capitalization ceases when substantially all of the activities to prepare the asset for its intended use are complete.

j) Investments

Associates are companies over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence represents the power to participate in the financial and operating policy decisions of the investee but does not represent the right to exercise control or joint control over those policies. The Company's associates are GrowForce AC Holdings Inc. and AtlantiCann Medical Inc. ("AMI").

Investments in associates are accounted for using the equity method and are initially recognized at cost, excluding financial assets that are not in-substance common shares and inclusive of transaction costs. When the Company holds marketable securities or derivative financial assets and subsequently obtains significant influence in that investee, the fair value of the financial instruments are reclassified to investments in associates at the deemed cost with the cumulative unrealized fair value gains or losses in other comprehensive loss, if any, transferred to deficit.

Strategic investments are where the Company has no governance rights, and no board seats, and as such, the Company has no significant influence or control over its day-to-day business or strategic direction. The Company measures its strategic investments at fair value and are subsequently measured at fair value through profit or loss ("FVTPL") or are designated at fair value through other comprehensive income or loss ("FVTOCI"). This designation is made on an instrument-by-instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive income or loss only and not through profit or loss upon disposition. The Company has a strategic investment in OG DNA Genetics Inc. ("DNA Genetics"). It is measured at fair value and is designated at FVTOCI.

k) Intangible assets

Intangible assets are initially measured at cost. The useful life of intangible assets is assessed as either finite or indefinite. Following the initial recognition, intangible assets with definite useful lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. If impairment indicators are present, these definite life intangible assets are subject to an impairment test as discussed in l). Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets require the use of estimates and assumptions and are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense attributable to an intangible asset is recognized in the consolidated statements of loss and other comprehensive loss in the expense category consistent with the function of the intangible asset. Amortization is calculated using the straight-line method over the following terms:

Cultivation license	20 years
Trademarks and brands	15 years

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

l) Impairment of property, plant and equipment and intangible assets

The carrying value of property, plant and equipment and of intangible assets are assessed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Events or changes in circumstances which may indicate impairment include: a significant change to the Company's operations, significant decline in performance, or change in market conditions which adversely affect the Company. The recoverable amount is determined as the higher of the fair value less costs of disposal ("FVLCD") and its value in use ("VIU") based on discounted cash flows.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets CGU. The recoverable amount of an asset or a CGU is the higher of its FVLCD and VIU. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in consolidated statements of loss and comprehensive loss by the amount in which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded.

m) Goodwill

Goodwill represents the excess of the purchase price paid of acquired businesses over the estimated fair value of the tangible and intangible assets acquired and liabilities assumed at the acquisition date and is allocated to the cash generating unit ("CGU") expected to benefit from the acquisition. A CGU is the smallest group of assets for which there are separately identifiable cash inflows.

Subsequently, goodwill is not amortized but are assessed at least annually for impairment and more frequently whenever events or circumstances indicate that their carrying value may not be fully recoverable. The annual impairment test requires comparing the carrying values of the Company's CGU, including goodwill, to their recoverable amounts and is completed at year-end. The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company determines the recoverable amount based on its FVLCD or VIU using estimated future cash flows discounted at an after-tax rate for the FVLCD model or a pre-tax rate for the VIU model that reflects the risk-adjusted weighted average cost of capital. Any excess of the carrying value amount of a CGU over the recoverable amount is expensed in the period the impairment is identified. An impairment loss recorded for goodwill is not reversed in a subsequent period. Upon disposal of a business, any related goodwill is included in the determination of gain or loss on disposal. The Company has no goodwill at December 31, 2020.

n) Leases

As a lessee, the Company leases office space, production facilities and IT equipment.

For any new contracts entered into, the Company considers whether a contract is, or contains a lease. A contract is or contains a lease if the contract gives the Company the right to control the use of an identified asset for the duration of the lease term in exchange for consideration. When a contract contains both lease and non-lease components, the Company will allocate the consideration in the contract to each of the components on the basis of their relative stand-alone prices.

Leases are recognized as a right-of-use asset and corresponding liability at the commencement date. Right-of-use assets are recognized within property, plant and equipment. The Company has elected to account for short-term leases (lease term of 12 months or less) and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments are recognized as an expense in sales, general, and administrative expense in the consolidated statements of loss and other comprehensive loss on a straight-line bases over the lease term.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The measurement of lease liabilities includes the fixed and in-substance fixed payments and variable lease payments that depend on an index or rate, less any lease incentives receivable. If applicable, lease liabilities will also include a purchase option exercise price if the Company is reasonably certain to exercise that option, termination penalties if the lease term also reflects the termination option and amounts expected to be payable under a residual value guarantee. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in management's assessment of whether it will exercise a renewal or termination option, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or there is a change in future lease payments due to a change in index or rate.

Discount rates used in the present value calculation are the interest rates implicit in the leases, or if the rates cannot be readily determined, the Company's incremental borrowing rate. Lease terms applied are the contractual non-cancellable periods of the leases including renewal and termination options that the Company is reasonably certain to exercise.

Right-of-use assets are measured at the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Subsequent to initial measurement, right-of-use assets are measured at cost less accumulated depreciation, accumulated impairment losses, and any remeasurements of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term. Depreciation is recognized from the commencement date of the lease. Right-of-use assets are reviewed at the end of each reporting period to determine whether there are any indicators of impairment.

For sale and leaseback transactions, the Company applies the requirements of IFRS 15 to determine whether the transfer of the asset should be accounted for as a sale. If the transfer of the asset is a sale, the Company will measure the right-

of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Company.

As a lessor, the Company leases out its investment property. As a lessor, the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset and is classified as an operating lease if it does not.

On May 28, 2020, the IASB issued an amendment to IFRS 16, which provides relief for lessees in accounting for rent concessions granted as a direct consequence of COVID-19. IFRS 16 has been amended to: (i) provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and (ii) require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. This did not have a material impact on the consolidated financial statements.

o) Investment property
An investment property is held by the Company to earn rental income. It is initially measured at fair value with subsequent gains or losses on its asset value going through the consolidated statements of loss and comprehensive loss.

p) Share capital
In situations where the Company issues units containing a common share and a whole or fractional warranty, the fair value of shares and warrants are recorded based on relative fair values. The relative fair value of the warrants, as calculated as of the date of issue using the Black-Scholes pricing model, is included in the Company's warrants reserve.

q) Share issuance costs
Costs incurred in connection with the issuance of share capital are netted against the proceeds received net of tax. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

r) Revenues
Revenue is generated from the sale of cannabis goods to customers and from the provision of management services. To recognize revenue under IFRS 15, the Company applies the following five steps for accounting for revenue from contracts with customers:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the sale of cannabis goods to customers recognized when control over the goods has been transferred to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. When historical sales data becomes available, the Company estimates sales returns as a variable consideration to the transaction price of the customer contract. The Company includes this estimate of sales returns as a reduction to revenue earned only if it is highly probable that the inclusion of the sales returns estimate will not result in a significant revenue reversal in the future when the uncertainty of returns has subsequently been resolved.

Management services include the provision of cultivation, processing and retail know-how and back office administration, intellectual property licensing, and lending facilities to medical and adult-use cannabis licensed producers under management service agreements. Revenue from management fees are recognized over the term of the arrangement as services are provided.

The Company defers revenues that have been billed but which do not meet the revenue recognition criteria. Cash received in advance of revenue being recognized is classified as contract liabilities (unearned revenues). Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled. Revenue is presented net of discounts and sales and other related taxes.

s) Earnings (loss) per share
Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period.

Diluted earnings (loss) per share reflects the potential dilution that could occur if additional common shares are assumed to be issued under securities that entitle their holders to obtain common shares in the future. The number of additional

shares for inclusion in diluted earnings (loss) per share is determined using the treasury stock method, whereby stock options and warrants, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised at the beginning of the period with proceeds based on the average market price for the period. The incremental number of common shares issued under stock options and warrants are included in the calculation of diluted earnings (loss) per share.

t) Foreign currency translation

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in accumulated other comprehensive income included in shareholders' deficiency. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statements of loss and other comprehensive loss.

u) Income taxes

From time to time, the Company engages in transactions in which the tax consequences may be subject to uncertainty. Examples of such transactions include business acquisitions and dispositions, including dispositions designed to be tax free, issues related to consideration paid or received, investments and certain financing transactions. Significant judgment is required in assessing and estimating the tax consequences of these transactions. The Company prepares and files tax returns based on interpretation of tax laws and regulations. In the normal course of business, our tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax, interest and penalty assessments by these taxing authorities. In determining the Company's income tax provision, an estimate is made for reserve for uncertain income tax positions unless such positions are determined to be more likely than not of being sustained upon examination based on their technical merits. The Company only recognizes tax benefits taken on the tax return that the Company believes are more likely than not of being sustained. There is considerable judgment involved in determining whether positions taken on the tax return are more likely than not of being sustained.

The Company adjusts its tax reserve estimates as new information is received such as settlements with the various taxing authorities, as well as changes in tax laws, regulations, and interpretations. The consolidated income tax provision of any given year includes adjustments to prior year income tax accruals that are considered appropriate and any related estimated interest. The Company's policy is to recognize, when applicable, interest and penalties on income tax positions as part of the income tax provision.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities on the taxable loss or income for the period. The tax rates and tax laws used to compute the amounts are those enacted or substantively enacted by the end of the reporting period.

Current income tax assets and current income tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

As the Company operates in the United States of America cannabis industry, it is subject to the limits of Internal Revenue Code ("IRC"), section 280E under which the Company is only allowed to deduct expenses directly related to the cost of producing the products or cost of production. This results in permanent differences between ordinary and necessary business expenses deemed unallowable under IRC Section 280E.

The Company is treated as a United States corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the "ITA") for Canadian income tax purposes. As a result, the Company will be subject to taxation both in Canada and the United States.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be generated in future periods to utilize these deductible temporary differences.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be generated to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will be generated to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be in effect in the period when the asset is expected to be realized or the liability is expected to be settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

v) Provisions and contingencies

Provisions are recognized when: a) the Company has a present obligation (legal or constructive) as a result of a past event; and b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision as a result of the passage of time is recognized in finance cost in the consolidated statements of loss and other comprehensive loss.

A contingent liability is not recognized in the case where no reliable estimate can be made; however, disclosure is required unless the possibility of an outflow of resources embodying economic benefits is remote. By its nature, a contingent liability will only be resolved when one or more future events occur or fail to occur. The assessment of a contingent liability inherently involves the exercise of significant judgment and estimates of the outcome of future events.

w) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (‘‘FVOCI’’), or fair value through profit and loss (‘‘FVTPL’’). The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the consolidated statements of loss and other comprehensive loss.

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial liabilities as either financial liabilities at FVTPL or amortized cost.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in the consolidated statements of loss and comprehensive loss. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has classified its cash, restricted cash, accounts receivable, due from related parties, long term deposits, accounts payable and accrued liabilities, due to related parties, promissory notes payable, debt, convertible debt, and indemnity liability as amortized cost.

Investments are recorded FVTPL or FVOCI. The Company has made an irrevocable election to classify its investment in DNA Genetics at FVOCI as the Company considers its investment to be strategic in nature.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company

compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9 Financial Instruments. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk. Rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost. The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

x) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed regularly by the Company's senior management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the senior management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Note 3 provides information related to segment information of the Company.

y) Assets and liabilities held for sale and discontinued operations

Non-current assets and liabilities or disposal groups are classified as held for sale and discontinued operations if there carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset or disposal group, but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the noncurrent asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale.

Non-current assets and non-current liabilities classified as held for sale and the assets and liabilities of a disposal group classified as held for sale are presented separately from the other assets and liabilities in the consolidated statements of financial position.

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statements of loss and other comprehensive loss.

z) Share based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company’s estimate of equity instruments that will eventually vest. Stock options are measured on the date of grant by reference to the fair value determined using a Black-Scholes valuation model. The value is recognized as share-based compensation expense in the consolidated statements

of loss and other comprehensive loss and an increase to the options reserve or restricted share unit (RSU) reserve in the consolidated statements of financial position of changes in equity over the period in which the performance and/or service conditions are fulfilled.

For share-based payments granted to non-employees, the compensation expense is measured at the fair value of the goods and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted.

aa) Business combinations

The Company uses the acquisition method to account for business combinations when control is acquired. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interest issued by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill.

The Company assesses whether a transaction results in an asset or business acquisition using the optional concentration test, which is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the assets is concentrated in a single identifiable asset or a group of similarly identifiable assets. If the test is failed, the assessment focuses on the existence of a substantive process. The Company thoroughly assesses whether a transaction is an asset or business acquisition by assessing inputs and determining whether the process is substantive.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or its proportionate share of the recognized amount of the identifiable net assets at the acquisition date. Acquisition costs are expensed as incurred unless they qualify to be treated as debt issuance costs or costs of issuing equity securities

IFRS 3 Business Combinations (Amendments to IFRS 3) clarifies the definition of a business and permits a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company has adopted this standard effective January 1, 2020. There was no impact to the consolidated financial statements as a result of this adoption.

bb) Critical accounting estimates and judgments

The critical areas of estimation and/or judgment considered by management in preparing the consolidated financial statements are described below:

Business combinations

Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. As outlined in IFRS 3 Business Combinations, the components of a business must include inputs, processes and outputs.

Management makes judgments in the valuation of the consideration transferred, including determining the value of any contingent consideration. The consideration transferred for an acquired business ("purchase price") is assigned to the identifiable tangible and intangible assets purchased and liabilities assumed on the basis of their fair values at the date of acquisition. The identification of assets acquired, and liabilities assumed, and the valuation thereof is judgmental.

Investments

To assess the fair value of the Company's equity investment in OG DNA Genetics Inc. ("DNA Genetics") which is not listed on an exchange, the Company determined the fair value using valuation techniques, which require inputs that are significant and unobservable, and therefore, the investment was categorized as Level 3 in the IFRS 13 Fair Value Measurement's fair value hierarchy. The Company uses the latest market transaction price for these securities derived from private placements, which are not publicly observable, and any available independent valuation reports obtained from the entity. Increases (decreases) in the latest market transaction prices will result in a direct increase (decrease) to the fair value of the equity instrument.

Biological assets

Management is required to make several estimates in calculating the fair value less costs to sell of biological assets. These estimates include several assumptions such as estimating the stage of growth of the cannabis, harvesting costs, sales price, and expected yields.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history.

Impairment of long-lived assets
Impairment of property, plant and equipment, goodwill, and intangible assets with finite useful lives and indefinite lives are influenced by judgment in defining a CGU and determining the indicators of impairment, and measurements used to measure impairment loss.

The recoverable of long-lived assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

Sales returns
When historical sales data becomes available, the Company estimates sales returns as a variable consideration to the transaction price of the customer contract. The Company includes this estimate of sales returns as a reduction to revenue earned only if it is highly probable that the inclusion of the sales returns estimate will not result in a significant revenue reversal in the future when the uncertainty of returns has subsequently been resolved.

Income taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The Company's effective income tax rate can vary significantly for various reasons, including the mix and volume of business in lower income tax jurisdictions and in jurisdictions for which no deferred income tax assets have been recognized because management believed it was not probable that future taxable profit would be available against which income tax losses and deductible temporary differences could be utilized.

Determination of share-based payments
The estimation of share-based payments (including stock options and warrants) requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of the grant. The Company makes estimates as to the volatility, forfeitures, expected life, dividend yield and the time of exercise, as applicable. The expected volatility is based on the average volatility of share prices of similar companies over the period of the expected life of the applicable options and warrants. The expected life is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

Functional currency
The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgments to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Going concern
At end of each reporting period, management excises judgment in assessing whether there is a going concern issue by reviewing the Company's performance, resources and future obligations. Management acknowledges that there is significant uncertainty over the Company's ability to meet its funding requirements as they fall due. The Company's ability to continue in the normal course of operations is dependent on its ability to raise additional capital through debt and equity financings and to start generating positive cash flow from operating activities. While the Company has been successful in raising capital in the past, there is no assurance that it will be successful in closing further financing in the future.

Expected credit losses ("ECL")
The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. The historical results were used to calculate the run rates of default which were then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

(Expressed in Canadian dollars, unless otherwise stated)

Where applicable the Company monitors and manages credit losses/default rates of comparable debt instruments with data from utilizing ratings agency for the assessment of significant notes receivables.

Lease incremental borrowing rate
Determining the Company's incremental borrowing rate involves estimation. The Company's incremental borrowing rate, determined by an independent third party, represents the rate of interest a lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. To determine the incremental borrowing rate, a company-specific credit spread was estimated by analyzing the terms of the Company's long-term debt and was added to a base risk-free rate corresponding to the currency in which the relevant lease is denominated.

cc) Future accounting pronouncements not yet adopted in 2020

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2020.

IAS 37 Onerous contracts – cost of fulfilling a contract
On May 14, 2020, the IASB issued amendments to IAS 37 to specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. This amendment is effective on January 1, 2022. The Company intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2022. The extent of the impact of the adoption of this amendment has not yet been determined.

IAS 1 Classification of liabilities as current or non-current
On January 23, 2020, an amendment was issued to IAS 1 to address inconsistencies with how entities apply the standards over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2023. The Company intends to adopt this amendment in its consolidated financial statement for the annual period beginning January 1, 2023. The extent of the impact of the adoption of this amendment has not yet been determined.

All other IFRSs and amendments issued but not yet effective have been assessed by the Company and are not expected to have a material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Management monitors the results of the Company's operating segments separately for the purpose of making decisions about resource allocations and performance assessments. Segment performance is evaluated based on future cash flow projections of different segments and is measured consistently with actual operational profit or loss. In measuring segment performance, segment assets, and segment liabilities, management applies certain judgments and assumptions to determine the appropriate allocation of central costs, shared assets and liabilities to individual segments.

The Company's operating segments are as follows:

December 31, 2020	Cultivation management in USA	Cultivation operations in Canada	Total continuing operations	Discontinued operation/assets held for sale (Note 6)	Total
	$	$	$	$	$
Revenue	7,857,767	3,578,502	11,436,269	1,159,529	12,595,798
Direct operating costs	(6,036,373)	(1,174,945)	(7,211,318)	(4,998,757)	(12,210,075)
Sales, general and administrative	(5,287,467)	(9,161,332)	(14,448,799)	(1,181,963)	(15,630,762)
Depreciation and amortization	(559,986)	(834,171)	(1,394,157)	-	(1,394,157)
Interest expense	(7,558,446)	(14,339,857)	(21,898,303)	(1,319,771)	(23,218,074)
Impairment	(1,506,635)	(14,473,589)	(15,980,224)	-	(15,980,224)
Capital expenditure	(3,900)	(6,837,382)	(6,841,282)	-	(6,841,282)
Net income (loss)	2,840,463	(33,280,573)	(30,440,110)	(4,400,424)	(34,840,534)

(Expressed in Canadian dollars, unless otherwise stated)

December 31, 2019	Cultivation management in USA $	Cultivation operations in Canada $	Total continuing operations $	Discontinued operation/assets held for sale (Note 6) $	Total $
Revenue	24,524,958	2,171,866	26,696,824	1,205,907	27,902,731
Direct operating costs	(14,806,358)	(2,471,160)	(17,277,518)	(918,072)	(18,195,590)
Sales, general and administrative	(9,655,886)	(11,871,666)	(21,527,552)	-	(21,527,552)
Depreciation and amortization	(758,977)	(710,407)	(1,469,384)	(854,974)	(2,324,358)
Interest expense	(9,405,223)	(10,124,706)	(19,529,929)	-	(19,529,929)
Impairment	(27,085,535)	(164,567,650)	(191,653,185)	-	(191,653,185)
Capital expenditure	-	(18,959,514)	(18,959,514)	(37,198,567)	(56,158,081)
Net income (loss)	(85,098,446)	(179,839,704)	(264,938,150)	(2,529,777)	(267,467,927)

December 31, 2020	Cultivation management in USA $	Cultivation operations in Canada $	Total continuing operations $	Discontinued operation/assets held for sale (Note 6) $	Total $
Total assets	10,560,581	85,330,576	95,891,157	4,893,576	100,784,733
Total liabilities	53,687,481	136,860,684	190,548,165	-	190,548,165

December 31, 2019	Cultivation management in USA $	Cultivation operations in Canada $	Total continuing operations $	Discontinued operation/assets held for sale (Note 6) $	Total $
Total assets	13,607,820	98,348,180	111,956,000	51,865,461	163,821,461
Total liabilities	81,527,019	128,556,415	210,083,434	14,458,659	224,542,093

4. ACCOUNTS RECEIVABLE

	December 31, 2020 $	December 31, 2019 $
Trade receivables (a)	1,901,099	2,147,734
Expected credit loss (Note 22)	(739,314)	(103,904)
Indirect taxes receivable	1,038,996	3,715,390
Receivable from Harvest Health and Recreation Inc. (Note 24)	5,411,100	-
Total	**7,611,881**	**5,759,220**

(a) Trade receivables are from arms-length, non-related operators, and consulting customers. As at December 31, 2020, $526,269 of trade receivables are current (2019 - $39,836), $93,164 are between 1 - 90 days past due (2019 - $619,860), and $1,281,666 are over 90 days past due (2019 - $1,488,038).

(Expressed in Canadian dollars, unless otherwise stated)

5. PREPAID EXPENSES AND OTHER ASSETS

	December 31, 2020	December 31, 2019
	$	$
Insurance	993,519	798,036
Deposits on construction & equipment	97,587	246,283
Rent Deposits	184,553	86,861
Appellate bond (Note 16)	223,383	-
Other	133,490	130,428
Total	**1,632,532**	**1,261,608**

6. ASSETS HELD FOR SALE AND LOSS FROM DISCONTINUED OPERATIONS

(a) Assets and liabilities held for sale

	December 31, 2020	December 31, 2019
	$	$
Cash and cash equivalents	-	226,680
Receivables	-	138,147
Prepaid expenses, deposits and other assets	-	64,270
Biological assets	-	303,510
Inventory	-	2,965,894
Property, plant and equipment	-	15,278,177
Intangible assets	-	20,939,091
Goodwill	-	1,156,116
Total GreenMart	-	41,071,885
Warman building	4,893,576	10,793,576
Assets held for sale	**4,893,576**	**51,865,461**

	December 31, 2020	December 31, 2019
	$	$
Trade and other payables	-	749,583
Finance lease liability - Current	-	1,776,135
Finance lease liability - Non-current	-	11,904,792
Deferred income tax liability	-	28,149
Liabilities held for sale	**-**	**14,458,659**

On March 9, 2020, the Company completed the sale of the land associated with the Warman facility for proceeds net of transaction costs of $5,852,665, which was used to repay the promissory note payable. See Note 13 for further details. As at December 31, 2020, the Warman building is included in assets held for sale in the consolidated statements of financial position as the sale is expected to close in 2021.

(Expressed in Canadian dollars, unless otherwise stated)

(b) Loss from discontinued operations

The table below summarizes the loss from discontinued operation of GreenMart of Nevada, LLC ("Greenmart") up until August 13th, 2020, which is the date the Company relinquished control of GreenMart as defined under IFRS 10. See Note 24 'Gain on Disposition of GreenMart' for further details.

	December 31, 2020	December 31, 2019
	$	$
Revenues	1,159,529	1,205,907
Direct operating costs	(4,998,757)	(918,072)
Fair value adjustment on the sale of cultivated inventory	(62,178)	-
Unrealized gain on changes in fair value of biological assets	1,071,443	329,058
Depreciation	-	(854,974)
Sales, general and administrative	(1,181,963)	(2,253,537)
Interest expense	(1,319,771)	-
Tax gain (loss) on sale of discountinued operations	931,273	(38,159)
Loss from discontinued operations	(4,400,424)	(2,529,777)
Basic and diluted loss per share	(0.05)	(0.03)

(c) Cash flows from discontinued operations

During the year ended December 31, 2020, the impact on the consolidated statements of cash flows was an outflow of $2,041,646 (2019 - $226,680) from investing activities as the discontinued operations required funding from the continuing operations.

7. BIOLOGICAL ASSETS AND INVENTORY

The following table is a summary of the movement in the biological assets for the periods ended December 31, 2020 and 2019:

	$ Amount
Balance at January 1, 2019	139,744
Unrealized gain on changes in fair value of biological assets	689,782
Production costs capitalized	546,200
Transferred to inventory upon harvest	(1,227,517)
Balance at December 31, 2019	148,209
Production costs capitalized	3,417,909
Unrealized gain on changes in fair value of biological assets	3,827,226
Transferred to inventory upon harvest	(5,780,527)
Balance at December 31, 2020	**1,612,817**

All of the plants are to be harvested as agricultural produce. As at December 31, 2020, all of the plants to be harvested are between 1 and 11 weeks from harvest (2019 - 6 and 8 weeks) and the life cycle is estimated to be 90 to 120 days (2019 - 110 to 117 days).

Biological assets are classified as level 3 in the fair value hierarchy. There have been no transfers between levels.

(Expressed in Canadian dollars, unless otherwise stated)

To determine fair value, the Company:

- Multiplies the expected yield in grams per plant and the expected selling price per gram;
- Deducts selling costs and remaining costs to be incurred in order to complete the harvest and bring the harvested product to finished inventory from the expected selling price.

The fair value was determined using a valuation model, which assumes the biological assets at the consolidated statements of financial position date will grow to maturity, be harvested and converted into finished goods inventory and sold in the recreational cannabis market. The Company's method of accounting for biological assets is to attribute value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest.

Production costs represent the cash costs incurred by the Company to propagate, cultivate and grow biological assets. The Company elects to capitalize production costs related to flower production expected to be obtained from biological assets and expenses these costs to cost of goods sold as the inventory is sold. These costs include such costs as direct labour, fertigation materials and production supplies, energy costs, quality control costs such as sanitation and lab work, and an allocation of overhead costs. Shipping and fulfillment charges are expensed to cost of goods sold in the period in which the costs are incurred.

As at December 31, 2020, the Company estimates harvest yields for the plants based on the current stage of growth to have a value of $1,612,817 (2019 - $148,209). As at December 31, 2020, the weighted average selling price used in the valuation is $5.22 per gram (2019 - $3.28 per gram) and is based on an adjusted expected future sales mix, of all dried cannabis sales and can vary based on the different strains produced and the expected sales channel. The Company estimates percentage of costs incurred on a straight-line basis based on the number of days of growth. Plants on hand as at December 31, 2020 have incurred an average of 57% of costs to harvest (2019 - 60%).

During the year ended December 31, 2020, the Company's biological assets produced 204,326 grams of dried cannabis including trim (2019 - 524,367 grams). As at December 31, 2020, it is expected the Company's biological assets will yield approximately 614,642 grams excluding trim (December 31, 2019 - 97,057 grams).

The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the unrealized gain or loss on changes in fair value of biological assets. The following table quantifies each significant unobservable input and provides the impact of a reasonable increase/decrease that each input would have on the fair value of the Company's biological assets.

	Valuation inputs		Percentage change used in sensitivity analysis	$ Impact on Biological Assets	
	December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019
Selling price ($)	5.22	3.28	10%	206,128	19,208
Yield by plant (grams)	90-136	210-230	15%	365,874	38,726
Average life cycle (days)	90-120	110-117	10%	187,389	13,608
Percentage of costs to harvest incurred	57%	60%	10%	104,304	6,880

Inventory is comprised of the following and is valued at the lower of cost and net realizable value:

	As at December 31, 2020			As at December 31, 2019		
	Capitalized Cost $	Fair Value $	Total $	Capitalized Cost $	Fair Value $	Total $
Work-in-process	1,104,179	902,377	2,006,556	-	-	-
Finished goods	1,252,728	1,227,199	2,479,927	282,784	233,576	516,360
Total	**2,356,907**	**2,129,576**	**4,486,483**	**282,784**	**233,576**	**516,360**

During the year ended December 31, 2020, the Company recognized a fair value adjustment on the sale of cultivated inventory of $385,480 (2019 - $612,586). The Company recorded a write-down of inventory during the year ended December 31, 2020 related to dried cannabis that was old and unsellable inventory in the amount of $1,988,564 (2019 - $nil), which is on the consolidated statements of loss and other comprehensive loss.

(Expressed in Canadian dollars, unless otherwise stated)

The capitalized cost of inventory that has been expensed during the year ended December 31, 2020 is $2,356,907 (2019 - $741,641), which is included in direct operating costs on the consolidated statements of loss and other comprehensive loss.

8. PROPERTY, PLANT, AND EQUIPMENT

	Land (c)	Building (c)	Computers & Equipment	Fixture & Furniture	Leasehold Improvements	Right-of-use Assets	Production Equipment	Construction in Progress	Total
	$	$	$	$	$	$	$	$	$
Cost									
Balance at January 1, 2019	9,357,358	16,885,861	339,406	306,214	6,145,711	3,202,244	767,783	7,852,632	44,857,209
IFRS 16 adoption	-	-	-	-	-	220,747	-	-	220,747
Additions	76,009	1,414,317	80,514	94,298	7,165,407	15,973,095	3,564,240	6,223,051	34,590,931
Dispositions	(1,126,895)	-	(97,394)	-	(2,262,620)	-	-	-	(3,486,909)
Reclassifications	-	3,838,241	17,000	-	(4,840,738)	(2,241,347)	-	3,226,844	-
Assets held for sale	-	(10,793,576)	(26,019)	-	-	(15,574,741)	(30,657)	-	(26,424,993)
Foreign exchange on translation	(252,608)	81,281	(17,764)	(8,201)	663,884	11,372	-	-	477,964
Balance at December 31, 2019	**8,053,864**	**11,426,124**	**295,743**	**392,311**	**6,871,644**	**1,591,370**	**4,301,366**	**17,302,527**	**50,234,949**
Additions (a)	-	-	62,845	57,583	5,177,045	-	1,260,793	283,016	6,841,282
Dispositions (e)	-	-	(16,436)	-	-	-	(57,099)	-	(73,535)
Reclassifications	-	-	-	-	3,782,997	-	-	(3,782,997)	-
Foreign exchange on translation	(52,736)	(103,424)	(2,021)	(3,210)	(28,022)	(38,677)	(1,478)	-	(229,568)
Balance at December 31, 2020	**8,001,128**	**11,322,700**	**340,131**	**446,684**	**15,803,664**	**1,552,693**	**5,503,582**	**13,802,546**	**56,773,128**
Accumulated depreciation									
Balance at January 1, 2019	**-**	**258,118**	**79,191**	**65,682**	**299,196**	**-**	**79,703**	**-**	**781,890**
Depreciation	-	290,251	24,056	50,489	288,364	490,091	136,590	-	1,279,841
Impairments of PPE in USA	1,652,950	3,428,731	19,251	-	849,558	-	-	-	5,950,490
Reclassification	-	141,302	-	-	(231,262)	89,960	-	-	-
Assets held for sale	-	-	-	-	-	(353,240)	-	-	(353,240)
Foreign exchange on translation	-	(333,021)	(3,838)	(2,311)	(3,900)	125,896	-	-	(217,174)
Balance at December 31, 2019	**1,652,950**	**3,785,381**	**118,660**	**113,860**	**1,201,956**	**352,707**	**216,293**	**-**	**7,441,807**
Depreciation (b)	-	444,298	47,267	54,712	464,964	312,756	784,995	-	2,108,992
Dispositions (e)	-	-	(7,457)	-	-	-	(27,099)	-	(34,556)
Impairment of PPE (d)	-	-	-	-	5,009,874	-	-	892,339	5,902,213
Foreign exchange on translation	(32,580)	(71,409)	(1,145)	(2,486)	(21,482)	(4,488)	(1,079)	-	(134,669)
Balance at December 31, 2020	**1,620,370**	**4,158,270**	**157,325**	**166,086**	**6,655,312**	**660,975**	**973,110**	**892,339**	**15,283,787**
Net book value									
December 31, 2019	**6,400,914**	**7,640,743**	**177,083**	**278,451**	**5,669,688**	**1,238,663**	**4,085,073**	**17,302,527**	**42,793,142**
December 31, 2020	**6,380,758**	**7,164,430**	**182,806**	**280,598**	**9,148,352**	**891,718**	**4,530,472**	**12,910,207**	**41,489,341**

(a) During the year ended December 31, 2020, $nil (2019 - $88,404) borrowing costs were capitalized to construction in progress.

(b) Depreciation relating to manufacturing equipment and production facilities for owned and right-of-use lease assets is capitalized into biological assets and inventory, and is expensed to direct costs upon the sale of goods. For the year ended December 31, 2020, $1,305,580 (2019 - $165,707) of depreciation was capitalized into biological assets and inventory.

(c) Land and building include lessor rental assets with a total net book value as at December 31, 2020 of $2,879,947 (2019 - $3,139,737). Depreciation related to leased assets as at December 31, 2020 are $583,159 and there were no additions to leased assets during the year.

(d) During the year ended December 31, 2020, the Company recognized impairment losses within its cultivation operations CGU and allocated impairment losses of $5,902,213 (2019 - $5,950,490) to property, plant, and equipment. The recoverable amount of property plant and equipment within this CGU was determined through a combination of fair value less cost to dispose based on comparable market capitalization rates (level 3 inputs). See Note 26 for more information.

(e) Total proceeds from disposition are $37,898 (2019 – $3,346,690) and have been included within the investing activities on the consolidated statements of cash flows, resulting in a loss on disposal of $1,081 (2019 - $140,219).

(Expressed in Canadian dollars, unless otherwise stated)

9. INVESTMENTS

	AtlantiCann Medical Inc. ("AMI")	OG DNA Genetics Inc. ("DNA Genetics")	Total
	$	$	$
Balance, January 1, 2019	31,207,221	8,185,200	39,392,421
Disposition of 11% of AMI	(6,816,294)	-	(6,816,294)
Investment, capital injection	3,500,000	-	3,500,000
Management fees charged to AMI	(304,205)	-	(304,205)
Net income from equity investee	2,757,155	-	2,757,155
Loss on change in fair value, unrealized	-	(6,236,700)	(6,236,700)
Balance, December 31, 2019	**30,343,877**	**1,948,500**	**32,292,377**
Net income from equity investee	4,240,816	-	4,240,816
Loss on change in fair value, unrealized	-	(38,399)	(38,399)
Balance, December 31, 2020	**34,584,693**	**1,910,101**	**36,494,794**

a) Atlanticann Medical Inc. ("AMI")

This investment has been accounted for under the equity method as the Company's investment provides it with significant influence over AMI, but not control.

During the third quarter of 2020, AMI terminated the previously signed master service agreement with the Company, which had a ten-year term and was executed in 2019. As a result, the Company received $1.8 million from AMI in lieu of ongoing license fee payments that were required under the master service agreement; the Company also had $0.2 million held in escrow from AMI. The Company's cultivation management support for the AMI operation has been substantially reduced in connection with the buyout and is expected to be completed by the end of 2020. The Company recognized a gain of $1,988,986 for the year ended December 31, 2020 included in revenue on the consolidated statements of loss and other comprehensive loss. See Note 20 for further details. The Company also recognized $11,014 unearned revenue within accounts payable and accrued liabilities on the consolidated statements of financial position as at December 31, 2020.

b) DNA Genetics Inc.

In 2018, the Company made an irrevocable election to classify its investment in DNA Genetics at fair value through other comprehensive income ("FVTOCI") as the Company considers its investment to be strategic in nature.

To assess the fair value of this investment, since DNA Genetics is not listed on an exchange, the Company determined the fair value using valuation techniques, which require inputs that are significant and unobservable, and therefore, were categorized as Level 3 in the fair value hierarchy. The Company uses the latest market transaction price for these securities derived from private placements, which are not publicly observable, and any available independent valuation reports obtained from the entity. Increases (decreases) in the latest market transaction prices will result in a direct increase (decrease) to the fair value of the equity instrument. The Company reviewed DNA Genetics' shareholders update presentation for the year ended December 31, 2020 to assess whether any change in fair value, other than due to the foreign exchange movement in the investment balance, was to be recorded.

Consistent with the election made on the initial recognition of the DNA Genetics investment, only dividend income is recognized in profit or loss. There were no dividends issued by DNA Genetics for the year ended December 31, 2020 and 2019. All other gains and losses are recognized in OCI without reclassification on derecognition. During the year ended December 31, 2020, the Company recognized a $38,399 loss on change in FVTOCI due to foreign exchange rate movement (2019 - $6,236,700 due to foreign exchange rate movement and impairment of the equity investment).

(Expressed in Canadian dollars, unless otherwise stated)

10. OTHER LONG-TERM ASSETS

	December 31, 2020	December 31, 2019
	$	$
Indemnity escrow (Note 16)	-	389,640
Deposit for Cannabella acquisition (a)	-	1,332,233
Deposits for leases on property, plant, and equipment	-	106,121
Long-term deposits	-	241,332
Total	**-**	**2,069,326**

(a) On October 18, 2019, the Company agreed to issue cash and shares as a non-refundable pre-payment to the seller of Cannabella, a producer of edibles and topicals located in Carson City, Nevada. On April 17, 2020, the Company exercised a termination provision in its previously announced purchase agreement with Cannabella. As a result, the Company incurred a non-recurring expense of $1,375,982 in other income on the consolidated statements of loss and comprehensive loss for the year ended December 31, 2020. See Note 25.

11. INTANGIBLE ASSETS

	Licenses, Permits & Applications	Brands & Trademarks	Total Intangibles	Goodwill	Total Intangibles & Goodwill
	$	$	$	$	$
Cost					
Balance at January 1, 2019	53,070,000	4,980,467	58,050,467	155,566,675	213,617,142
Additions from acquisitions	21,567,150	–	21,567,150	1,163,000	22,730,150
Transferred to assets held for sale	(21,440,825)	–	(21,440,825)	(1,156,116)	(22,596,941)
Foreign exchange on translation	(126,324)	(243,860)	(370,184)	(904,918)	(1,275,102)
Balance at December 31, 2019	**53,070,001**	**4,736,607**	**57,806,608**	**154,668,641**	**212,475,249**
Accumulated depreciation and impairment loss					
Balance at January 1, 2019	–	–	–	(15,900,000)	(15,900,000)
Amortization	(964,859)	(344,944)	(1,309,803)	–	(1,309,803)
Impairment loss	(43,560,000)	(2,833,700)	(46,393,700)	(139,308,995)	(185,702,695)
Transferred to asset held for sale	501,734	–	501,734	–	501,734
Foreign exchange on translation	–	23,550	23,550	540,354	563,904
Balance at December 31, 2019	**(44,023,125)**	**(3,155,094)**	**(47,178,219)**	**(154,668,641)**	**(201,846,860)**
Net book value at December 31, 2019	**9,046,876**	**1,581,513**	**10,628,389**	**-**	**10,628,389**
Cost					
Balance at January 1, 2020	53,070,001	4,736,607	57,806,608	154,668,641	212,475,249
Foreign exchange on translation	–	51,567	51,567	–	51,567
Balance at December 31, 2020	**53,070,001**	**4,788,174**	**57,858,175**	**154,668,641**	**212,526,816**
Accumulated depreciation and impairment loss					
Balance at January 1, 2020	(44,023,125)	(3,155,094)	(47,178,219)	(154,668,641)	(201,846,860)
Amortization	(475,500)	(115,245)	(590,745)	–	(590,745)
Impairment loss (a)	(8,571,376)	(1,506,635)	(10,078,011)	–	(10,078,011)
Balance at December 31, 2020	**(53,070,001)**	**(4,776,974)**	**(57,846,975)**	**(154,668,641)**	**(212,515,616)**
Net book value at December 31, 2020	**–**	**11,200**	**11,200**	**–**	**11,200**

(a) As at December 31, 2020, the Company performed an impairment assessment on its cultivation management of its USA CGU, which resulted in an impairment of $10,078,011 (2019 - $185,702,695). See Note 26 for further details.

(Expressed in Canadian dollars, unless otherwise stated)

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2020	December 31, 2019
	$	$
Trade accounts payable	5,611,682	8,569,858
Payroll tax liabilities	1,887,339	-
Accrued liabilities	1,863,921	2,577,067
Holdback payable (a)	-	3,000,000
Total	**9,362,942**	**14,146,925**

(a) Upon closing of the purchase of 8586985 Canada Corporation ("WILL Cannabis") by GrowForce on April 21, 2018, $3 million of the purchase price was held as restricted cash with an offsetting amount recorded as a holdback payable. Upon satisfaction of escrow conditions in April 2020, the full balance of the restricted cash was released and the holdback payable extinguished.

13. PROMISSORY NOTES PAYABLE

In 2019, the Company entered into a promissory note agreement with a third party for net proceeds of $11 million. The note is due upon demand and bears interest at a rate of prime plus 9% per annum accrued daily. The effective rate of interest at the time of issuance was 12.95% and decreased to 11.45% as at December 31, 2020 due to the change in prime rate that occurred during the year ended December 31, 2020. Interest is added to the principal outstanding and can be paid at any time at the discretion of the Company. The promissory note payable issuance fee was $110,000 and added to the principal of the note. The balance as at December 31, 2020 includes accrued interest payable on the promissory note up to that date.

	December 31, 2020	December 31, 2019
	$	$
Balance at the beginning of the year	11,476,603	-
Net proceeds from promissory note	-	11,000,000
Note issuance fee	-	110,000
Repayment of principal	(5,411,253)	-
Repayment of interest	(441,412)	-
Accrued interest	661,171	366,603
Balance at the end of the year	**6,285,109**	**11,476,603**

During the year ended December 31, 2020, the Company entered into a new $2 million promissory note agreement with the same third party. This note is due on the earliest of three years from the issuance date, the Company completing a financing transaction, or a change of control occurs to the Company. The note bears an interest rate of 1% per annum accrued daily. Interest is added to the principal outstanding and is to be paid when the note is due. The balance as at December 31, 2020 includes accrued interest payable on the promissory note up to that date.

	December 31, 2020	December 31, 2019
	$	$
Balance at the beginning of the year	-	-
Proceeds from promissory note	2,279,263	-
Accrued interest	23,577	-
Balance at the end of the year	**2,302,840**	**-**

(Expressed in Canadian dollars, unless otherwise stated)

14. DEBT FACILITIES

	December 31, 2020 $	December 31, 2019 $
Term revolving loan – Bank of Nova Scotia prime rate ("BNS Prime Rate") + 9.55% (a)	118,163,970	102,864,797
Term loan – BNS Prime Rate + 9.55% (b)	34,810,095	25,209,747
Total	**152,974,065**	**128,074,544**
Current portion of long-term debt	(152,974,065)	(15,082,074)
Long-term debt	**-**	**112,992,470**

(a) Loans owed by Canadian facilities

In 2018, the Company entered into a secured demand revolving loan agreement with a senior lender which provided up to support operational facilities in Canada. The loans are guaranteed by GrowForce Manitoba Inc., 8586985 Canada Corporation, Grand River Organics Incorporated, Highgrade MMJ Corporation (the "Guarantors"). The loans are secured by a general security agreement signed by the Guarantors constituting a first ranking security interest in all personal property of such Guarantor.

In the second quarter of 2020, the Company and its senior lender executed amendments to its existing loan agreements. The interest payable on existing loan balances will accrue and be added to the loan principal until May 1, 2022. The Company is no longer required to make monthly principal payments on the loan effective July 1, 2020.

As a result of the amendment, during the year ended December 31, 2020, the Company recognized a loss on loan modification of $90,364, which is offset against the gain on the modified loans owed by the US facilities of $454,084, and is included in the gain on loan modifications line in the consolidated statements of loss and other comprehensive loss. The effective interest rates on the loans after the amendment range from 11.58% to 14.99%. Refer to Note 23 for the interest expense incurred on the debt facilities for the years ended December 31, 2020 and 2019.

(b) Loans owed by US facilities

In 2017, the Company closed a demand loan facility provided by a senior lender. The loan is secured via conditions set forth in a general security agreement with an interest rate of BNS prime rate plus 9.55% per annum.

In the second quarter of 2020, the Company and its senior lender executed amendments to its existing loan agreements. Under the amendments, the Company has increased its loan capacity by $7 million. This $7 million additional loan is payable on demand. The interest payable on existing loan balances will accrue and be added to the loan principal until May 1, 2022.

As a result of the amendment, during the year ended December 31, 2020, the Company recognized a gain on loan modification of $454,084 that is included in the consolidated statements of loss and other comprehensive loss. As at December 31, 2020, the Company has fully drawn down the $7 million additional loan capacity. The effective interest rates on the loans after the amendment range from 17.10% to 18.77%. Refer to Note 23 for the interest expense incurred on the debt facilities for the years ended December 31, 2020 and 2019.

(c) Financial covenants of new loans

During the year ended December 31, 2020, the Company did not make a scheduled repayment of the term loans and did not meet its two financial covenants pursuant to the debt facilities, the Senior Leverage Ratio being less than 4.5 to 1.0 and the Fixed Charge Coverage Ratio being greater than 1.2 to 1.0 for the last fiscal quarter of 2020.

The Senior Leverage Ratio is calculated as the amortized cost of the debt divided by the absolute value of four times the adjusted EBITDA, which is a non-GAAP measure defined in the 2020 management discussion and analysis. The Fixed Charge Coverage Ratio is calculated as (i) adjusted EBITDA less capital expenditures divided by (ii) the sum of interest expense, cash taxes paid, scheduled debt amortization payments or redemptions, and rents payable under leases excluding interest. The Company has agreed to deliver to the lender on or prior to the date that is 15 days after the end of each fiscal quarter, a certificate signed by a senior officer of the Company setting out the calculation of the Senior Leverage Ratio and Fixed Charge Coverage Ratio for the reference period ending on the last day of the most recently completed quarter and that confirms compliance with the financial covenants. As at December 31, 2020, the Company was not in compliance with the financial covenants.

(Expressed in Canadian dollars, unless otherwise stated)

On April 21, 2021, the Company received a signed waiver from the senior lender for the breach of its financial covenants under the loan agreements in-force as at December 31, 2020. Under the terms of the waiver, the entirety of the principal balance, including accrued interest payable up until the repayment date, is due May 1, 2022.

15. FINANCE LEASE

a) The Company as a lessee

	December 31, 2020 $	December 31, 2019 $
Balance at the beginning of the year	3,577,897	3,052,658
IFRS 16 transition adjustment	-	220,746
Additions to right of use assets	-	15,973,095
Additions to leasehold improvements	-	418,592
Lease payments	(298,600)	(1,258,440)
Interest accretion	170,622	842,843
Foreign exchange impact	(170,848)	(1,990,670)
Reclassed to liabilities held for sale	-	(13,680,927)
Ending balance	3,279,071	3,577,897
Less: current portion	(436,849)	(429,881)
Non-current portion of finance lease	**2,842,222**	**3,148,016**

Under IFRS 16, at December 31, 2020 and 2019, the undiscounted future finance lease payments were $4,429,070 and $4,851,446, respectively. None of the Company's leases for continuing operational facilities have extension or termination options. The Company's finance lease in Will has a 3.61% annual interest rate. The Company's other finance leases use an incremental borrowing rate of 13.5% to determine the present value of the future lease payments. For the year ended December 31, 2020, the Company recognized $41,103 (2019 - $81,808) for a short-term lease on office space in the consolidated statements of loss and comprehensive loss.

The following table summarizes the Company's future minimum lease payments as at December 31, 2020:

	Amount $
2021	445,831
2022	335,536
2023	266,675
2024	219,706
2025+	3,161,322

b) The Company as a lessor

The Company leases out two investment properties in the USA. During the year ended December 31, 2020, the Company recognized lease income of $612,885 (2019 - $1,320,709) presented as revenue on the consolidated statements of loss and other comprehensive loss.

16. INDEMNITY LIABILITY, APPELLATE BOND, AND LITIGATION RECOVERY

In 2018, the Company acquired the debt of 2G Ventures, LLC ("2G"); 3B Ventures, LLC; and various legal entities who owned the trademark and trade name of 'Buddy Boy Brands' and the land and building located at 2426 South Federal and 5040 York St. in Denver, Colorado. Upon completion of the acquisition, US $2 million of the total purchase price was held back and deposited into an escrow account to settle undisclosed liabilities and other closing conditions.

2G was informed of an adverse court judgment from a claim initiated in 2016. The damages awarded were approximately US $3.7 million. This lawsuit was not disclosed as part of the acquisition. Further, 2G decided to appeal the judgment. In the event of an appeal, the appellant is required to post a bond on a dollar-for-dollar basis plus 30% to cover costs

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and interest that may have accrued. As a result, 2G required US $3.9 million to post the appellate bond, which was paid by the Company on behalf of 2G.

The Company reached a settlement agreement with the vendors of the acquisition. As part of the settlement, both the vendors and the Company would equally share in the loss, although funding of the bond was US $1.7 million by the vendors and US $2.2 million by the Company, totaling up to US $3.9 million as required by the appellant. The Company fronted the US $1.7 million cash amount, which is the vendors' US $1.7 million contribution that was agreed by both parties to be funded from releasing the funding from the escrow. The Company's US $2.2 million was funded from cash resources on hand.

At the time of the settlement, 2G believed that the court decision had a likelihood of not being overturned, so therefore, the Company wrote off the full US $3.9 million bond in 2018 due to the uncertainty around the decision being overturned under appeal.

In the fourth quarter of 2020, the court ruled that the initial judgment would not be reversed, and the appellate bond would not be recovered. As a result of that court judgment and the settlement agreement, the Company no longer needs to replenish the escrow funds towards the 2018 acquisition. Therefore, the reversal of the indemnity liability was recorded as a non-cash litigation recovery of the previously recognized US $3.9 million impairment. As confirmed by the bond insurer, the Company has an outstanding receivable of US $175,450 as at December 31, 2020, which means, in effect, the Company will recover that amount from the lawsuit.

For the year ended December 31, 2020, the Company recognized $223,383 (US $175,450) for the appellate bond in prepaid expenses and other assets within the statements of financial position (Note 5) and a non-cash litigation recovery of $2,515,822 (US $1,875,450) included in other income on the consolidated statements of loss and other comprehensive loss (Note 25).

17. RELATED PARTY TRANSACTIONS

a) Key management and directors' compensation

Key management and directors are those who have the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management and directors' compensation of the Company is the Company's executive management team and board of directors. Compensation provided to key management and directors is as follows:

	December 31, 2020 $	December 31, 2019 $
Key management salaries and benefits	1,740,164	2,453,964
Directors fees	427,030	324,515
Total payroll and benefits	**2,167,194**	**2,778,479**
Share-based compensation	2,709,100	11,759,966
Total compensation	**4,876,294**	**14,538,445**

b) Transactions with related parties

In the ordinary course of business, under market terms and conditions comparable to those provided to unrelated third parties, the Company generates revenue from the following related parties; PotCo LLC, Next 1 Labs, Cloud 9 Support LLC, and F&L Warm Springs LLC. These transactions are considered related party in nature since a director on the board of the Company co-founded and is the managing partner of PotCo LLC and owns Next1 Labs, Cloud 9 Support LLC, and F&L Warm Springs LLC. A summarized table of the amounts as at the year ended December 31, 2020 and December 31, 2019 are as follows:

(Expressed in Canadian dollars, unless otherwise stated)

	December 31, 2020 $	December 31, 2019 $
F&L WarmSprings LLC (i)	854,130	867,445
Next 1 Labs	10,142	295,737
PotCo LLC	66,926	702,085
AMI (ii)	203,206	1,601,086
Other related party	107,010	76,455
Expected credit loss (Note 22)	(201,226)	(74,795)
Due from related parties	**1,040,188**	**3,468,013**

(i) Interest is payable in monthly installments at a rate of 15% per annum with the full principal amount of US $500,000 due on demand.
(ii) The Company provides consulting, design, operational and other management services to AMI. The Company holds an investment in AMI as described in Note 8. The following table provides a summary of the amounts owed for services provided:

Due to related parties as at December 31, 2020 is $353,919 (2019 - $340,030). The amount is owed to directors of the Company.

	December 31, 2020 $	December 31, 2019 $
Fees from cultivation and management services	2,420,621	11,584,631
Interest income	100,609	99,516
Total revenues from related parties	**2,521,230**	**11,684,147**
Director fees	427,030	324,515
Total costs from related parties	**427,030**	**324,515**

The Company sources funding from a senior lender and has loans outstanding and has made interest payments to the senior lender as at December 31, 2020 and December 31, 2019 as described in Note 14. A director of the Company is an executive of the senior lender.

18. SHARE CAPITAL AND SHARE-BASED COMPENSATION

(a) Common shares

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares.

Common share transactions

With reference to the consolidated statements of changes in shareholders' deficiency,

(i) On January 13, 2020, the Company issued 4,716,982 common shares for $1,000,000 through a private placement.

(ii) On March 4, 2020, the Company issued 2,272,727 common shares as part of a litigation settlement related to a contract dispute for cultivation management services in the USA. In addition to the shares issued, the Company paid a total cash settlement of $334,075 in accordance with a payment plan that ended on February 1, 2021. This payable has been accrued for in accounts payable and accrued liabilities within the consolidated financial statements. On March 27, 2020, the Company issued 1,000,000 common shares related to a royalty settlement agreement dated November 6, 2018.

(iii) During the year ended December 31, 2020, the Company issued 1,476,000 common shares for the vesting of restricted share units ("RSUs").

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(b) Restricted share unit (RSU) reserve

RSUs are equity-settled share-based payments. RSUs are measured at the fair value on the date of grant based on the closing price of the Company's shares on the grant date and is recognized as share-based compensation expense over the vesting period with a corresponding credit to RSU reserves. The amount recognized for services received as consideration for the RSUs granted is based on the number of equity instruments that eventually vest. Upon the release of RSUs, the RSU reserves are transferred to common shares. Under the terms of the RSU plan, directors, officers, and employees of the Company may be granted RSUs that are released as common shares upon completion of the vesting period. Each RSU gives the participant the right to receive one common share of the Company. The key inputs and assumptions used to determine the fair value on the grant date consist of the closing price of the Company's shares, the expiry date of the RSUs, and the number of RSUs granted to the individual.

In accordance with IFRS 2 Share-based Payments, RSUs that were cancelled or expired during the year ended December 31, 2020 and 2019 are accounted for as an acceleration of vesting, where the amount that otherwise would have been recognized for services rendered over the remainder of the vesting period is recognized immediately at the time of cancellation or expiry.

	RSUs (#)		Weighted Average Issue Price ($)
Balance, December 31, 2018	5,004,835	$	9.10
Issued	525,000		1.16
Vested and exercised	(1,224,635)		6.29
Expired or forfeited	(838,300)		6.94
Balance, December 31, 2019	**3,466,900**	**$**	**6.16**
Issued	1,530,100	$	0.05
Vested and exercised	(1,476,000)		7.79
Cancelled or expired	(2,644,990)		1.65
Balance, December 31, 2020	**876,010**	**$**	**6.08**

During the year ended December 31, 2020, the Company recorded share-based compensation expense of $143,452 (2019 - $12,621,060) as a result of RSUs being issued, exercised, cancelled, expired, or forfeited. This expense is included in the share-based compensation line on the consolidated statements of loss and other comprehensive loss. The expiry dates for the RSUs range from November 13, 2021 to December 31, 2021.

The following table summarizes the outstanding RSUs as at December 31, 2020:

Grant Date	Outstanding #	Vested #	Weighted Average Issue Price ($) $	Remaining Life (years)	Expiry Date
November 13, 2018	856,010	856,010	7.79	0.87	November 13, 2021
December 31, 2018	20,000	20,000	5.25	1.00	December 31, 2021
As at December 31, 2020	**876,010**	**876,010**	**6.49**	**0.87**	

(c) Options reserve

Share options issued to directors, officers, employees, and third parties are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to options reserves. The fair value of the options is calculated using the Black-Scholes option pricing model. When determining the fair value of share options, management is required to make certain assumptions and estimates related to the risk-free interest rate, dividend yield, share price volatility, life of options, and forfeiture rate. Upon the exercise of share options, the related options reserve is transferred to common shares.

(Expressed in Canadian dollars, unless otherwise stated)

	Options (#)	Weighted Average Exercise Price ($)
Balance, December 31, 2018	2,857,620	9.62
Issued	450,000	0.97
Expired or forfeited	(742,750)	10.24
Balance, December 31, 2019	**2,564,870**	**$ 7.92**
Issued	7,165,705	**$ 0.05**
Cancelled or expired	(3,075,776)	4.80
Balance, December 31, 2020	**6,654,799**	**$ 0.69**

During the year ended December 31, 2020, the Company recorded share-based compensation of $2,628,915 (2019 - $6,559,340) for options issued, cancelled, expired, or forfeited. This expense is included in the share-based compensation line on the consolidated statements of loss and other comprehensive loss.
Options issued during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

Options issued	December 31, 2020	December 31, 2019
Risk-free annual interest rate (i)	1.46% - 1.60%	2.10% - 2.52%
Expected annual dividend yield	-	-
Expected share price volatility (ii)	111.02% - 112.36%	42.72% - 79.49%
Expected life of options (years) (iii)	3 - 4	3.44 - 4.08
Forfeiture rate	nil%	nil%

i. Based on the U.S. treasury bill rate with a term equal to the expected life of the options
ii. Estimated using the average historical volatility of the Company
iii. Represents the time period that options granted are expected to be outstanding

The following table summarizes the share options outstanding, both vested and unvested, as at December 31, 2020:

Grant Date	Outstanding #	Exercisable #	Exercise Price $	Remaining Life (years)	Expiry Date
November 13, 2018	312,999	312,999	12.00	1.87	November 13, 2022
December 3, 2018	177,500	177,500	6.67	1.92	December 3, 2022
September 30, 2020	6,119,300	3,366,638	0.05	3.75	September 30, 2024
October 7, 2020	45,000	15,469	0.07	2.77	October 7, 2023
As at December 31, 2020	**6,654,799**	**3,872,606**	**1.32**	**3.61**	

(d) Warrants reserve

Warrants issued to officers and third parties are for the purpose of compensation or financial advisory services received back in 2018. All warrants are exercisable from the grant date to the expiry date.

	Warrants (#)	Weighted Average Exercise Price ($)
Balance, December 31, 2019	2,271,100	$ 5.20
Expired	(151,752)	12.00
Balance, December 31, 2020	**2,119,348**	**$ 4.15**

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The following table summarizes the warrants outstanding as at December 31, 2020:

Grant Date	Converted to MJardin Units	Exercise Price	Expiry Date	Fair Value at Grant Date
March 23, 2018	124,128	1.65	March 23, 2021	197,308
June 15, 2018	1,495,200	3.20	June 23, 2023	5,840,347
July 30, 2018	250,020	3.20	July 30, 2021	775,282
November 13, 2018	250,000	12.00	November 14, 2021	1,551,300
As at December 31, 2020	**2,119,348**	**4.15**		**8,364,237**

(e) Long term incentive plan ("LTIP")

Under the terms of the LTIP, the Board of Directors (the "Board") or a committee on behalf of the Board may grant awards, which may be in the form of options, restricted shares, compensatory shares, stock appreciation rights, RSUs, deferred share units (collectively, "Equity Awards") to officers, directors, employees or consultants of the Company. The maximum number of common shares which may be reserved and set aside for issue, in respect of awards to eligible participants under the LTIP, shall not exceed 12.5% of the total issued and outstanding common shares of the Company, or 11,217,650 common shares of the Company with the conversion of all issued and outstanding common shares.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME

	December 31, 2020	December 31, 2019
	$	$
Balance at the beginning of the year	1,321,154	3,689,975
Gain on foreign currency translation adjustment, unrealized	1,741,792	3,867,879
Loss on change in fair value of investment, unrealized (Note 9)	(38,399)	(6,236,700)
Balance at the end of the year	**3,024,547**	**1,321,154**

20. REVENUES

	December 31, 2020	December 31, 2019
	$	$
Management fees	6,198,631	16,978,955
Gain from MSA termination (a)	1,988,986	-
Cultivation fees	796,821	-
License fees	147,560	2,887,167
Lease income	612,885	1,320,709
Interest income (b)	101,870	3,457,735
Revenue from cannabis produced	1,589,516	2,052,258
Total	**11,436,269**	**26,696,824**

(a) In the third quarter of 2020, AMI bought out the previously signed MSA with the Company, which had a ten-year term and was executed in 2019. In lieu of ongoing license fee payments that were required under the MSA, the Company received $1.8 million from AMI with an additional $0.2 million due upon completion of services outlined in the termination agreement. The Company's cultivation management support for the AMI operation has been substantially reduced in connection with the buyout and is expected to be completed by 2021. As a result, the Company recognized a $1,988,986 gain from the MSA termination with AMI in the third quarter of 2020. The Company also recognized $11,014 unearned revenue within accounts payable and accrued liabilities on the

(Expressed in Canadian dollars, unless otherwise stated)

consolidated statement of financial position as at December 31, 2020. The portion of revenue earned from AMI that is reflected in management fees and accounts receivable is $203,206.

(b) In 2019, the Company stopped accruing interest on the promissory notes with 2G Ventures LLC and 3B Ventures LLC due to the probability of non-payment from doing business as Buddy Boy Brands. During the year ended December 31, 2020, the Company did not recognize interest income in the amount of $3,241,485. This was the same interest income amount not recognized during the year ended December 31, 2019 as well.

Significant customers are considered to have sales greater than 10% of the Company's revenue during the year. During the year ended December 31, 2020, one significant customer represented 55% of the Company's gross revenue compared to four customers who represented 82% for the same period in 2019. The significant customers obtain services from cultivation management in the US business segment. As at December 31, 2020, the total amount of revenue remaining in trade receivables is $1,688,791 (2019 - $2,147,734).

21. SALES, GENERAL AND ADMINISTRATIVE

	December 31, 2020	December 31, 2019
	$	$
Payroll and benefits	6,981,602	10,184,398
Professional and consulting fees	4,648,769	7,223,075
IT costs	298,322	428,017
Office leases	393,227	296,460
Travel	53,554	492,649
Insurance	1,064,963	1,183,872
Investor relations and marketing	128,466	366,877
Other general & administrative	879,896	1,352,204
Total	**14,448,799**	**21,527,552**

22. EXPECTED CREDIT LOSS ("ECL")

The Company has three categories of receivables, each of which is separately assessed for determination of ECL requirements.

a) Promissory notes and accrued interest, see Note 13;
b) Trade accounts receivable, see Note 4; and
c) Due from related parties, see Note 17b.

a) Promissory notes receivable

In 2019, management determined that all promissory notes were in default status under the agreement terms as no interest payments had been received since the inception of the loan. As a result, the entire principal and interest balance was impaired.

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b) Trade receivables and due from related parties

As at December 31, 2020 and 2019, the Company's accounts receivable is categorized into the following categories:

i) US management services provided to cultivation and dispensary operations in Colorado and Nevada;
ii) Rental charges for real estate in Denver, Colorado; and
iii) Management services in Canada from AMI (the Company holds a 39% interest in AMI).

During the year ended December 31, 2020, the Company negotiated for revised management services agreements with several customers, which included negotiated settlements, payment plans, revised fees and revised fee structures for services to be provided. In 2020, all US managed services clients made payments against amounts receivable to the Company. For the year ended December 31, 2020, the impairment amount recorded was $778,945 (2019 - $2,964,355) for accounts receivable customers and $212,012 (2019 - $998,615) for due from related parties.

During the year ended December 31, 2020, the Company recorded a total impairment provision of $990,958 (2019 – $27,301,843) based on detailed assessments of past payment performance and future payment expectations based on creditworthiness of each individual customer and forecast projections of economic conditions in which the customers operate.

The following continuity schedule summarizes the 2019 and 2020 allowance for impairment of accounts receivables and impairment of due from related parties, and the impact of foreign exchange on the USD impairment provisions.

	Promissory Notes		Due from Related Parties		Accounts Receivable		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Balance at the beginning of the year	29,593,535	6,665,415	74,795	-	103,904	688,017	29,772,234	7,353,432
Impairment provision recognized	-	23,338,873	212,012	998,615	778,945	2,964,355	990,958	27,301,843
Amounts written-off	-	-	(100,334)	(923,820)	(139,380)	(3,527,408)	(239,714)	(4,451,228)
Impact of foreign exchange	-	(410,753)	14,751	-	(4,155)	(21,060)	10,596	(431,813)
Ending balance	**29,593,535** [1]	**29,593,535**	**201,225**	**74,795**	**739,314**	**103,904**	**30,534,074**	**29,772,234**

The expected credit loss of $1,6737,154 recorded in the consolidated statements of loss and comprehensive loss includes the following amounts:

	December 31, 2020
	$
Written-off indirect taxes receivable	263,405
ECL impairment provision	990,958
Other reductions in revenue	418,791
Total	**1,673,154**

[1] Relates to the Buddy Boy Brands promissory note, which was 100% written off in 2019; no change for the year ended December 31, 2020.

(Expressed in Canadian dollars, unless otherwise stated)

23. INTEREST EXPENSE

	December 31, 2020	December 31, 2019
	$	$
Current portion of long-term debt (Note 14)	17,314,776	20,070,020
Note to Greenmart of Nevada, LLC (Note 12)	3,621,915	-
Promissory notes payable (Note 13)	684,748	-
Finance lease (Note 15)	170,622	842,843
Other	106,242	(1,382,934)
Total	**21,898,303**	**19,529,929**

24. GAIN ON DISPOSITION OF GREENMART

In 2019, the Company entered into a definitive agreement to sell all of its interest in GreenMart of Nevada, LLC ("GreenMart") for total consideration of US $34.3 million that is comprised of US $30 million received by the Company on December 31, 2019 plus US $4.3 million due upon the license transferring to the purchaser, subject to regulatory approvals. Effective August 14, 2020, the Company signed a managed services agreement ("MSA") between the Company and Harvest Health and Recreation Inc. ("Harvest") to transfer the risk and rewards associated with GreenMart. As a result, the Company has relinquished control of GreenMart as defined under IFRS 10, resulting in a gain on disposition in the amount of $23.3 million (US $17.7 million) recognized in the consolidated statements of loss and other comprehensive loss. The closing conditions associated with the purchase and sale agreement ("PSA"), mainly the approval of the license transfer by the State of Nevada, are expected to be fulfilled in 2021. The results of operations up until the date of disposition on August 13, 2020 are presented as a loss from discontinued operations in the consolidated statements of loss and other comprehensive loss and further details can be found in Note 6. The following is a breakdown of the gain on disposition of GreenMart for the year ended December 31, 2020:

	USD	CAD
Cash	30,000,000	39,651,000
Accounts receivable	4,250,000	5,617,225
Total consideration	**34,250,000**	**45,268,225**
Cash and cash equivalents	120,588	159,382
Receivables	125,077	165,314
Inventory	1,130,033	1,493,565
Prepaid expenses, deposits, and other assets	489,815	647,388
Property, plant and equipment	10,917,517	14,429,681
Intangible assets	16,121,875	21,308,282
Goodwill	890,142	1,176,501
Trade and other payables	(2,134,264)	(2,820,857)
Current portion of finance lease	(1,395,097)	(1,843,900)
Income taxes payable	(21,673)	(28,645)
Promissory note payable	(384,516)	(508,215)
Non-current portion of finance lease	(9,272,839)	(12,255,912)
Net book value of assets disposed	**16,586,656**	**21,922,583**
Total consideration	34,250,000	45,268,225
Less: Net book value of assets disposed	16,586,656	21,922,583
Gain on disposition of Greenmart	**17,663,344**	**23,345,642**

(Expressed in Canadian dollars, unless otherwise stated)

25. OTHER INCOME

	December 31, 2020	December 31, 2019
	$	$
Litigation recovery (Note 16)	(2,515,822)	-
Loss on termination of Cannabella acquisition (Note 10)	1,375,982	-
Other	411,268	(206,723)
Total	**(728,572)**	**(206,723)**

26. IMPAIRMENT

As at December 31, 2020, the Company performed an assessment for indicators of impairment for all CGUs. The CGUs are the operating segments described in Note 3. The Company considers external and internal factors, including overall financial performance and relevant entity specific factors, as part of this assessment. The following factors were identified as impairment indicators:

i. Market capitalization deficiency – As at December 31, 2020, there is a significant deficiency in comparing the market capitalization of the Company to its book value.
ii. Industry conditions – Constraints in the provincial retail distribution network, including a slower than expected ramp-up of sales in retail stores across Canada, has resulted in a decrease of expected sales and profitability.
iii. Termination of MSAs – This has substantially reduced the expected revenue from the CGU for the cultivation management segment in the USA.

The Company allocated its intangible assets and property, plant, and equipment to its segments for the purpose of impairment testing. This represents the lowest level at which management monitors intangible assets and property, plant, and equipment. The table below is a summary of the carrying value broken down by CGU prior to the recognition of any impairments during the year ended December 31, 2020:

As at December 31, 2020	Cultivation management in USA $	Cultivation operations in Canada $
Licenses, permits and applications	-	8,571,376
Brands and trademarks	2,833,700	-
Property, plant and equipment	2,257,731	44,029,946
Total carrying value	**5,091,431**	**52,601,322**

The operating segment for the cultivation operations in Canada is comprised of the Will, GRO, and Warman facilities. Management tested the individual CGUs before testing the CGU's grouping. The recoverable amount of the cultivation operations in Canada was determined based on fair value less cost of disposal ("FVLCD") using level 3 inputs in a market approach methodology. A capitalized earnings approach to the valuation was applied to determine the recoverable amount using FVLCD for the managed services CGU.

The following table summarizes the impairment recognized on the consolidated statements of loss and comprehensive loss:

(Expressed in Canadian dollars, unless otherwise stated)

	December 31, 2020 $	December 31, 2019 $
Impairment of goodwill	-	139,308,995
Impairment of licenses, permits and applications (Note 11)	8,571,376	43,560,000
Impairment of brands and trademarks (Note 11)	1,506,635	2,833,700
Impairment of property, plant and equipment (Note 8)	5,902,213	5,950,490
Total	**15,980,224**	**191,653,185**

Will CGU
The Company's WILL CGU represents its cash flows from its Brampton, Ontario facility dedicated to the cultivation and sale of cannabis products within Canada. This CGU is attributed to the Company's operating segment for the cultivation operations in Canada. To determine the FVLCD, the Company reviewed precedent transactions over the past 12 months involving indoor cultivation facilities in Canada. The Company determined that the FVLCD was below the carrying value of the CGU. The Company first allocated the impairment of $8.6 million during the year ended December 31, 2020 (2019 - $nil) to licenses, permits, and applications. The remaining amount was than allocated to property, plant and equipment using the replacement cost method resulting in an impairment of $0.9 million during the year ended December 31, 2020 (2019 - $nil). No individual asset was reduced below its fair value. There were no other assets to allocate the remaining impairment from the FVLCD approach, and therefore, no further impairment recorded.

GRO CGU
The Company's GRO CGU represents its cash flows from its Dunnville, Ontario facility dedicated to the cultivation and sale of cannabis products in Canada. This CGU is attributed to the Company's operating segment for the cultivation facilities in Canada. To determine the FVLCD, the Company reviewed precedent transactions over the past 12 months involving indoor cultivation facilities in Canada. The Company determined that the FVLCD was below the carrying value of the CGU. The Company allocated the impairment to property, plant and equipment using the replacement cost method resulting in an impairment of $0.1 million during the year ended December 31, 2020 (2019 - $nil). No individual assets were reduced below its fair value. There were no other assets to allocate the remaining impairment from the FVLCD approach, and therefore, no further impairment recorded. During the year ended December 31, 2019, the Company recorded an impairment of $2.3 million to licenses, permits and applications.

Warman CGU
The Company's Warman CGU represents its cash flows from its Winnipeg, Manitoba facility dedicated to the cultivation and sale of cannabis products in Canada. This CGU is attributed to the Company's operating segment for the cultivation facilities in Canada. The Company used the replacement cost method to determine the fair value of property, plant and equipment. As a result of the impairment test, management concluded that the carrying amount was higher than the fair value and recorded an impairment of $5.0 million during the year ended December 31, 2020 (2019 - $nil) to the CGU's property, plant, and equipment. Management allocated the impairment loss to specific property, plant and equipment identified to have carrying value above its fair value. No individual assets were reduced below its fair value. During the year ended December 31, 2019, the Company recorded an impairment of $41.3 million to licenses, permits and applications.

Cultivation management in USA CGU

Significant assumptions applied in the determination of the recoverable amount are described below:

		As at December 31, 2020
Total annualized revenue	$	442,976
Capitalization rate		15%
Cost of disposal	$	100,000
Fair value less cost to sell	$	2,015,000

The Company's cultivation management in USA CGU represents its operations related to its rental properties to licensed cannabis producers and the use of brands, trademarks, and any professional services for the cultivation and sale of cannabis products in the United States. This CGU is attributed to the Company's operating segment for managed services. As a result of the impairment test, management concluded that the carrying value was higher than the recoverable amount and recorded an impairment of $1.5 million during the year ended December 31, 2020 (2019 - $2.8

(Expressed in Canadian dollars, unless otherwise stated)

million) to its brands and trademarks. In addition, during the year ended December 31, 2019, the Company recorded an impairment of $5.9 million to property, plant and equipment.

Prior Year Goodwill Impairment

The goodwill impairment charge for the year ended December 31, 2019 allocated to the cultivation operations in Canada and cultivation management in USA operating segments are $121.0 million and $18.3 million, respectively.

27. INCOME TAXES

The reconciliation of the combined Canadian and U.S. federal, provincial, and state corporate income taxes, and to the Company's effective income tax expenses is as follows:

	December 31, 2020	December 31, 2019
	$	$
Net loss before tax	(24,930,508)	(269,241,146)
Statutory tax rate	26.5%	26.5%
Expected income tax recovery	(6,606,585)	(71,348,904)
Differences in tax rates	(1,417,900)	719,521
Permanent non-deductible differences	7,669,365	25,025,770
Changes in tax benefits not recognized	7,231,626	10,510,930
Gain on disposition of Greenmart of Nevada, LLC	(827,734)	–
Impairment	–	31,938,595
Other	(539,170)	(1,148,908)
Total	**5,509,602**	**(4,302,996)**
Current income tax expense	6,181,504	7,045,535
Deferred income tax recovery	(671,902)	(11,348,531)
Total income tax expense (recovery)	**5,509,602**	**(4,302,996)**

As many of the Company's U.S. subsidiaries operate in the cannabis industry and are subject to the limitations of IRC Section 280E, the impact results in a permanent tax difference as a disallowed tax deduction. Therefore, the U.S. effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss due to the material impact of Section 280E.

IFRIC 23 provides guidance that adds to the requirements in IAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 requires an entity to determine whether uncertain tax positions are assessed separately or as a group and to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. IFRIC 23 was adopted on January 1, 2019 and is to be applied retrospectively or on a cumulative retrospective basis. Under IFRIC 23, the Company has an uncertain tax position as at December 31, 2020 of $15,775,188 (2019 - $10,808,184) related to the limitations under Section 280E.

The following table summarizes the components of deferred tax liabilities:

(Expressed in Canadian dollars, unless otherwise stated)

		December 31, 2020		December 31, 2019
Non-capital losses carried forward	$	2,194,753	$	3,074,410
Debt		(144,555)		-
Share-based compensation		-		-
Capital lease obligation		-		858,990
Property, plant, and equipment		(448,369)		(1,043,570)
Tax status change		(138,303)		(282,150)
Investments		(916,926)		(688,080)
Biological assets		(1,088,173)		(147,960)
Intangible assets		-		(3,014,062)
Other		-		-
Deferred tax liabilities	**$**	**(541,573)**	**$**	**(1,242,422)**

The following table summarizes the movement of deferred tax liabilities:

		December 31, 2020		December 31, 2019
Balance at the beginning of the year,	$	(1,242,422)	$	(12,659,408)
Recognized in deferred tax expense		671,902		11,348,531
Other tax changes		28,947		68,455
Balance at the end of the year	**$**	**(541,573)**	**$**	**(1,242,422)**

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

The Company's deferred tax assets have not been recognized with respect to the following deductible temporary differences as the Company is not expected to generate sufficient taxable gains in order to utilize these assets:

		December 31, 2020		December 31, 2019
Share issuance costs - Canada	$	12,716,668	$	11,764,980
Non-capital losses carried forward - Canada		64,288,041		35,262,730
Property, plant and equipment - Canada		7,443,800		2,525,540
Investments - Canada		6,211,080		6,172,681
Capital lease obligation - Canada		3,109,130		-
Loss on debt restructuring - Canada		1,208,380		1,118,020
Other - Canada		158,355		-
Non-capital losses carried forward - USA		28,841,075		34,450,050
Property, plant, and equipment - USA		6,031,011		6,327,530
Goodwill and intangibles - USA		25,167,797		23,413,290
Promissory note - USA		27,979,273		33,642,820
Share-based compensation - USA		30,393,430		31,522,800
Other - USA		3,668,027		2,933,689
Total	**$**	**217,216,067**	**$**	**189,134,130**

(Expressed in Canadian dollars, unless otherwise stated)

The Company's non-capital losses expire as follows:

As at December 31, 2020	Canada	USA	Total
2037	8,064,047	-	8,064,047
2038	3,951,316	-	3,951,316
2039	24,587,208	-	24,587,208
2040	27,685,469	-	27,685,469
Indefinite life	-	28,775,524	28,775,524
Total	**$ 64,288,040**	**$ 28,775,524**	**$ 93,063,564**

28. LOSS PER SHARE

As the Company incurred net losses during the years ended December 31, 2020 and 2019, the loss per common share is based on the weighted average number of common shares outstanding during the periods. As the effect of the outstanding RSUs, options, warrants, and convertible debt are anti-dilutive as at December 31, 2020, diluted loss per share does not differ from basic loss per share. For the year ended December 31, 2020, the impact of outstanding RSUs, outstanding options, and outstanding warrants were not included in the calculation of diluted loss per share.

29. COMMITMENTS AND CONTINGENCIES

The Company does not have any material commitments other than those previously disclosed in these consolidated statements of financial position. The table in Note 30 b), summarizes the amounts and maturity dates of the Company's contractual obligations as at December 31, 2020.

The Company is subject to certain claims and potential claims. Refer to Note 16 where the indemnity liability, appellate bond, and litigation recovery in 2020 are discussed. The Company does not expect any of these, individually or in the aggregate, to have a material adverse effect on our financial results. The outcome of all proceedings and claims against the Company are subject to future resolution that includes the uncertainties of litigation. It is not possible for us to predict the result or magnitude of the claims due to the various factors and uncertainties involved in the legal process. Based on information currently known to us, we believe it is not probable that the ultimate resolution of any of these proceedings and claims, individually or in the aggregate, will have a material adverse effect on our business, financial results, or financial condition. If it becomes probable that we will be held liable for claims against us, we will recognize a provision during the period in which the change in probability occurs, which could be material to the consolidated statements of financial position.

30. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair Value Hierarchy

The estimated fair values of the cash, restricted cash, accounts receivable, due from related parties, accounts payable and accrued liabilities, due to related parties, promissory notes payable, and indemnity liabilities approximate their carrying values due to the relatively short-term nature of the instruments. The estimated fair values of long-term deposits and long-term debt approximate carrying values since effective interest rates are not significantly different from market rate. The carrying value of the debt differs from the fair value due to transaction costs.

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Expressed in Canadian dollars, unless otherwise stated)

Since DNA Genetics is not listed on an exchange, the Company determined the fair value of the equity investment using valuation techniques using inputs that are not based on observable market data. It was, therefore, categorized as Level 3 in the fair value hierarchy. The Company uses the latest market transaction price for these securities derived from private placements, which are not publicly observable, and any available independent valuation reports obtained from the entity. Increases (decreases) in the latest market transaction prices will result in a direct increase (decrease) to the fair value of the equity instrument. The Company reviewed DNA Genetics' shareholders update presentation for the year ended December 31, 2020 to assess whether any change in fair value, other than due to the foreign exchange movement in the investment balance, was to be recorded.

There have been no changes to the classification of financial instruments using the fair value hierarchy as shown below:

$	Level 1	Level 2	Level 3	**Total**
As at December 31, 2020				
Investment in DNA Genetics	-	-	1,910,101	1,910,101
As at December 31, 2019				
Investment in DNA Genetics	-	-	1,948,500	1,948,500

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash, restricted cash, accounts receivable, and related parties receivable. The Company assessed the collectability of its accounts receivable and related party receivable and for the year ended December 31, 2020 recognized an expected credit loss of $739,314 and $201,226 for accounts receivable and related parties receivable, respectively (December 31, 2019 - $103,904 and $74,795). See Note 22 on the rationale for why an expected credit loss was recognized. The risk for cash is mitigated by holding these instruments with highly rated financial institutions. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. Accounts receivable primarily consist of amounts due from the sales tax credits that the Company expects to fully recover. The risk exposure is limited to their carrying amounts at the statements of financial position date. As at December 31, 2020 and 2019, the Company's maximum percentage exposure to credit risk is represented by its largest customer in dollar value. This amounts to 46% and 33%, respectively, of consolidated accounts receivable. As at December 31, 2020 and 2019, the Company's maximum dollar value exposure to credit risk is $10,163,990 and $22,246,589, respectively. This is determined as the total amount of cash, restricted cash, accounts receivable, and due from related parties as at the date of the consolidated statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing, and investing activities.

The Company's cash flow is generated from cannabis sales and debt financing or equity raises. The Company monitors cash on a regular basis and reviews accounts payable, expenses, taxes, and overhead to ensure costs and commitments are being paid in a timely manner. Management has worked with and negotiated with vendors to ensure payment arrangements are satisfactory to all parties and that monthly cash commitments are managed within the Company's operating cash flow capabilities. The Company has generated $1,589,516 revenue from cannabis produced for the year ended December 31, 2020 (2019 - $2,052,258), which provides operating cash flow to address liquidity risk. See Note 20. The Company also repaid $5,852,665 of principal and interest amounts on the promissory note payable during the year ended December 31, 2020 (2019 - $nil), which reduces the liquidity risk for the year.

In the second quarter of 2020, the Company and its senior lender executed amendments to its existing loan agreements. During the year ended December 31, 2020, the Company did not make a scheduled repayment of the term loans and did not meet its financial covenants pursuant to the debt facilities. On April 21, 2021, the Company received a signed waiver from the senior lender for the breach of its financial covenants under the loan agreements in-force as at December 31, 2020. Under the terms of the waiver, the entirety of the principal balance, including accrued interest payable up until the repayment date, is due May 1, 2022.

As at December 31, 2020, the Company had a cash balance of $1,511,921. The following table summarizes amounts and maturity dates of the Company's contractual obligations as at December 31, 2020:

(Expressed in Canadian dollars, unless otherwise stated)

	Within 1 year	2 to 5 years	More than 5 years	Total
	$	$	$	$
Accounts payable and accrued liabilities	9,362,942	-	-	9,362,942
Due to related parties	353,919	-	-	353,919
Income taxes payable	15,321,326	-	-	15,321,326
Promissory notes payable	6,285,109	2,302,840	-	8,587,949
Finance leases	436,849	1,739,237	1,102,985	3,279,071
Current portion of long-term debt	152,974,065	-	-	152,974,065
Total	**184,734,210**	**4,042,077**	**1,102,985**	**189,879,272**

(c) Market risk

Currency risk
Currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at December 31, 2020, the Company had functional currencies of Canadian dollars and US dollars for US subsidiaries' financial assets and liabilities for which cash flows were denominated in foreign currencies. Management closely monitors the fluctuation of the Company's foreign currency and believes the foreign currency exchange risk derived from its other activities is low, so therefore, does not hedge the foreign currency exchange risk arising from these activities. The impact on net income (loss) from changes in the foreign exchange rates are shown in the table below:

	Net income (loss)			
	2020		2019	
	-100 bps	+ 100 bps	- 100 bps	+ 100 bps
USD/CAD	$ (347,936)	$ 347,936	$ (252,483)	$ 252,483

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing assets other than cash. The Company's debt facilities carry interest at prime rate plus a fixed rate. The Company is exposed to fluctuations in the prime rate.

The table below details the effect on income (loss) before tax of a 100-basis points strengthening or weakening of the BNS Prime Rate on the debt facilities. 100-basis points sensitivity is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates:

	Net income (loss)			
	2020		2019	
	-100 bps	+ 100 bps	- 100 bps	+ 100 bps
BNS Prime rate	$ 1,827,368	$ (1,844,014)	$ 1,564,722	$ (1,578,976)

31. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

In the second quarter of 2020, the Company executed amendments to its loan agreements with its senior lender allowing it to defer principal and interest payments and waive requirements to meet its debt covenants until a later date. Details of the amendments are provided in Note 14.

The capital structure of the Company consists of items included in equity and debt, net of cash. The Company manages its capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products

(Expressed in Canadian dollars, unless otherwise stated)

to fund operations and expansion activities. The Company is subject to certain covenant requirements related to its debt facilities.

32. NON-CONTROLLING INTEREST

Non-controlling interest represents the ownership interest by third parties in Grand River Organics Inc. ("GRO"), which is a business entity that is controlled and consolidated by the Company.

	$
Balance, January 1, 2019	**-**
On acquisition of control of GRO	3,333,445
Portion of net loss at 24.49%	400,657
Balance, December 31, 2019	**3,734,102**
Portion of net income at 24.49%	12,101
Balance, December 31, 2020	**3,746,203**

33. SUPPLEMENTAL CASH FLOW INFORMATION

	December 31, 2020 $	December 31, 2019 $
Accounts receivable	(3,525,815)	(513,184)
Due from related parties	2,427,825	(3,581,700)
Biological assets	2,730,769	9,656
Inventory	(5,406,739)	(334,471)
Prepaid expense and other assets	7,243,819	(1,701,010)
Accounts payable and accrued liabilities	(5,094,842)	2,053,104
Income taxes payable	6,874,243	6,581,107
Due to related parties	13,889	(558,712)
Total changes in working capital	**5,263,149**	**1,954,790**

	December 31, 2020 $	December 31, 2019 $
Net earnings from equity investment	(4,240,817)	(2,757,155)
Gain on disposition of equity investment	-	(897,100)
Loss on disposition of property, plant, and equipment	1,081	140,219
Gain on loan modifications	(363,720)	(161,504)
Loss from discontinued operations	4,400,424	1,175,206
Litigation recovery	(2,515,822)	-
Other	3,439,750	(612,586)
Total add-back for non-cash loss (gain)	**720,896**	**(3,112,920)**

34. SUBSEQUENT EVENTS

a) Amalgamation of subsidiaries

On January 1, 2021, GrowForce Manitoba Inc. amalgamated into 8586985 Canada Corporation and Grand River Organics Inc. amalgamated into Highgrade MMJ Corporation.

b) Supply agreement with the British Columbia Liquor Distribution Branch (BCLDB)

On January 6, 2021, the Company announced the completion of a major supply agreement with the BCLDB to supply the provincial wholesaler with premium cannabis products in two formats: 3.5 grams whole flower and 5 x 5 grams pre-rolls. The Company is entering the B.C. market with its new flagship brand, Flint & Embers. The Flint & Embers brand is recognized for its high-quality cannabis varieties,and has received interest from both legal-aged consumers as well as Cannabis retailers across Canada.

c) Standing offer agreement with Alberta Gaming, Liquor, and Cannabis (AGLC) and first shipment of recreational cannabis to Alberta

On January 28, 2021, the Company announced that it has been registered to sell cannabis through AGLC and has entered into a standing offer agreement with AGLC for the sale of its premium high-quality cannabis in the Alberta market under the Flint & Embers and BLLRDR brands. On March 29, 2021, the Company announced that it has made its first shipment of recreational cannabis to the province of Alberta. The initial shipment includes Flint & Embers Hyperion, the Company's unique take on the GSC x Conspiracy Kush cultivar, Flint & Embers Orion, the Company's unique take on the Whiteberry cultivar, BLLRDR Afghani Bullrider, and BLLRDR Wedding Cake.

d) Debt waiver from the senior lender

On April 21, 2021, the Company received a signed waiver from the senior lender for the breach of its financial covenants under the loan agreements in-force as at December 31, 2020. Under the terms of the waiver, the entirety of the principal balance, including accrued interest payable up until the repayment date, is due May 1, 2022.

e) Early settlement of remaining Cheyenne sale proceeds from Harvest Health and Recreation

In April 2021, the Company and Harvest agreed to a final settlement and reduction of the previously disclosed US$5.0 million Final Payment to the amount of US$4.25 million with Harvest to make the Final Payment to the Company despite the approval of the license transfer not yet having occurred. In accordance with the requirements of the Company's existing credit facility, the Company shall cause certain of its subsidiaries to use the Final Payment to repay a portion of the accrued interest owing to the Company's senior lender. In connection with this debt repayment, the senior lender has agreed to the establishment of a new revolving credit facility in favour of such subsidiaries of the Company in an aggregate maximum principal amount of $5.3 million (the "Maximum Amount"). This facility is established as a sub-facility under the existing credit facility between the senior lender and such subsidiaries of the Company and will bear interest at a rate of 15% per annum, compounded monthly, with a one-time work fee of 2% of the Maximum Amount paid to the senior lender.

f) Strategic review process

In April 2021, the Board of Directors formed a special committee of independent directors to explore, review and evaluate a broad range of strategic alternatives for the Company due to its limited capital resources, with a view to identifying a transaction that is in the best interests of shareholders. These alternatives may include continuing as a standalone public company, going private, undertaking a recapitalization or other restructuring transaction, or being purchased by a strategic partner. The Company has not made any decisions related to strategic alternatives at this time, and there can be no assurance that the evaluation of strategic alternatives will result in any transaction or change in strategy. The Company does not intend to comment further unless and until the Board of Directors of the Company has approved a specific course of action or the Company has determined further disclosure is appropriate or necessary.

This is Exhibit "K" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.

A Commissioner for taking affidavits

ADAM DRIEDGER

Court File No. CV-22_____-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

THE HONOURABLE MR.	)	WEDNESDAY, THE 23RD
	)	
JUSTICE MICHAEL A. PENNY	)	DAY OF MARCH, 2022

B E T W E E N:

PRICEWATERHOUSECOOPERS INC.
(solely in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds)

Applicant

- and -

MJARDIN GROUP, INC.

Respondent

ORDER
(Appointing Receiver)

THIS APPLICATION made by PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (the "**Applicant**") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**"), appointing KSV Restructuring Inc.

("**KSV**") as receiver and manager (in such capacity, the "**Receiver**"), without security, of all of the assets, undertakings and properties of MJardin Group, Inc. (the "**Debtor**"), with the exception of any Excluded Assets and Excluded Business (each as defined below), was heard this day by videoconference due to the COVID-19 pandemic.

ON READING the Affidavit of Graham Page sworn March 22, 2022 and the Exhibits thereto, and on hearing the submissions of counsel for the Applicant, counsel for the proposed Receiver, and such other parties listed on the counsel slip, no one else appearing although duly served as appears from the Affidavit of Service of Adam Driedger sworn March 23, 2022, and on reading the consent of KSV to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record of the Applicant is hereby abridged and validated such that this Application is properly returnable today, further service thereof is hereby dispensed with, and substitute service thereof via electronic mail is authorized.

EXCLUSION OF CANNABIS ASSETS & BUSINESS

2. **THIS COURT ORDERS** that, notwithstanding any other provision hereof, the Receiver is not appointed receiver of and shall not take Possession (as defined below) of (or be deemed to have taken Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of, any assets, properties, or undertakings of the Debtor or any of its direct or indirect subsidiaries, including any joint venture entities (collectively, the "**Subsidiaries**" and each individually, a "**Subsidiary**"), for which any permit or license is issued or required in accordance with the following legislation and any other applicable federal, provincial or state

legislation in connection with the cultivation, processing, sale and/or Possession of cannabis or cannabis-related products in Canada or the United States and any regulations issued in connection therewith (collectively, the "**Controlled Substances Legislation**"):

(a) *Cannabis Act*, S.C. 2018, c. 16;

(b) *Excise Act, 2001*, S.C. 2002, c. 22;

(c) *Cannabis Control Act, 2017*, S.O. 2017, c. 26;

(d) *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26; and

(e) *Cannabis License Act, 2018*, S.O. 2018, c. 12

(all such assets, properties, or undertakings being collectively referred to herein as the "**Excluded Assets**").

3. **THIS COURT ORDERS** that, notwithstanding any other provision hereof, the Receiver shall not manage, operate, or control (nor shall it be deemed to have managed, operated, or controlled) the business of the Debtor or any of its Subsidiaries for which any permit or license is issued or required in accordance with any Controlled Substances Legislation (collectively, the "**Excluded Business**").

4. **THIS COURT ORDERS** that the Excluded Assets shall remain in the Possession and control of the Debtor and the Subsidiaries, and the Debtor and the Subsidiaries shall continue to manage, operate, and control the Excluded Business in accordance with applicable Controlled Substances Legislation.

5. **THIS COURT ORDERS** that, notwithstanding any other provision hereof, for all applicable purposes of any Controlled Substances Legislation, the Receiver shall not exercise, nor

shall it have (or be deemed to have) the authority to exercise, any direct control over any Subsidiary that is subject to any Controlled Substances Legislation, including, for greater certainty, Highgrade MMJ Corporation, 8586985 Canada Corporation or AtlantiCann Medical Inc., each a Subsidiary of the Debtor.

6. **THIS COURT ORDERS** that, for greater certainty, nothing herein shall require the Receiver to take Possession of any property or substances subject to any Controlled Substances Legislation and the Receiver shall not, as a result of this Order or anything done by the Receiver in accordance with this Order or any subsequent Order of the Court in this proceeding, be deemed to be in Possession of any property or substances subject to any Controlled Substances Legislation.

APPOINTMENT

7. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, KSV is hereby appointed Receiver, without security, of all of the present and future assets, undertakings, and properties of the Debtor acquired for, or used in relation to the business carried on by the Debtor and all proceeds thereof, but excluding the Excluded Assets and the Excluded Business (collectively, the "**Property**").

RECEIVER'S POWERS

8. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Debtor and the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

(a) to take Possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

(b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories of the Property, accessing and taking control of the Debtor's bank accounts and the placement of such insurance coverage as may be necessary or desirable;

(c) to manage, operate, and carry on the business of the Debtor (with the exception of any Excluded Business) (the "**Business**"), including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the Business, or disclaim or cease to perform any contracts of the Debtor or in respect of the Property;

(d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, insurance brokers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

(e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the Business of the Debtor or any part or parts thereof;

(f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies,

including, without limitation, to enforce any security held by the Debtor and to apply for and collect any tax refund owing;

(g) to settle, extend or compromise any indebtedness owing to the Debtor;

(h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

(i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(j) to undertake any investigations deemed appropriate by the Receiver with respect to the Business, the Property, the Subsidiary Property (as defined below), or any of the businesses of the Subsidiaries, including, without limitation, with respect to the location and/or disposition of assets reasonably believed to be, or to have been, Property;

(k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business as follows:

(i) without the approval of this Court in respect of any transaction not exceeding $500,000, provided that the aggregate consideration for all such transactions does not exceed $2,000,000; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required;

(m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

(o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

(p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

(q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any Property owned or leased by the Debtor;

(r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;

(s) to meet with and discuss with Health Canada and any other governmental authority (collectively, "**Regulators**") with respect to the matters addressed in this Order or otherwise related to the receivership of the Debtor, or any related proceeding, and to execute any agreement pertaining to such matters with any Regulator for and on behalf of the Debtor;

(t) to examine under oath any person the Receiver reasonably considers to have knowledge of the affairs of the Debtor;

(u) to explore all opportunities for the restructuring and financing of the Debtor and the Subsidiaries and, to the extent the Receiver considers appropriate, to cause the Debtor to file an application for creditor protection pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 (the "**CCAA**") and KSV shall be authorized and empowered, but not obligated, to act as court-appointed monitor of the Debtor and any of the Subsidiaries in any such CCAA proceeding; and

(v) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations, including opening any mail or other correspondence addressed to the Debtor,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

9. **THIS COURT ORDERS** that: (i) the Debtor and the Subsidiaries; (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel, financial advisors, restructuring advisors and shareholders, and all other persons acting on their instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

10. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the Property, the Excluded Assets, the Business, the Excluded Business or otherwise related to the business or affairs of the Debtor or any of the Subsidiaries, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 10 or in paragraph 11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the

Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

11. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

12. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon

application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

13. **THIS COURT ORDERS** that nothing in paragraphs 2 through 8 hereof shall be construed so as to limit the Receiver's rights to obtain access to any Records (as defined below) relating to any Excluded Assets or the Excluded Business from the Debtor or any other Person, or to limit the obligation of any Person to cooperate with or provide information to the Receiver in respect of any Excluded Assets or Excluded Business, including, without limitation, as contemplated by paragraphs 9 through 11 hereof.

NO ISSUANCE OR REDEMPTION OF SHARES

14. **THIS COURT ORDERS** that the Debtor shall not: (i) issue any new share capital of the Debtor of any nature or kind; or (ii) redeem or repurchase any issued and outstanding share capital of the Debtor of any nature or kind.

NO PROCEEDINGS AGAINST THE RECEIVER

15. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

16. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

17. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on; (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety, or the environment (including the Controlled Substances Legislation); (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

18. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

19. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the

Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

20. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

21. **THIS COURT ORDERS** that any employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of any such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect

of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

22. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

23. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste

or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

24. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

25. **THIS COURT ORDERS** that the Receiver shall have no obligation to fulfil or satisfy, or to cause the Debtor to fulfil or satisfy, any continuous disclosure or other reporting obligations of the Debtor pursuant to the *Securities Act*, RSO 1990, c S.5, the regulations thereunder or any national instrument or national policy or any similar federal, provincial, U.S. federal or state securities legislation, regulation or policies, as well as any rules, policies, guidance and other requirements of any stock exchange or marketplace on which any securities of the Debtor are posted and/or traded ("**Public Reporting Obligations**") and, without limiting the generality of

paragraph 24, the Receiver shall incur no liability or obligation relating to any Public Reporting Obligations of the Debtor.

RECEIVER'S ACCOUNTS

26. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, all of the properties, assets, and undertakings of each of the Subsidiaries (the "**Subsidiary Property**"), and any funds held by the Receiver on account of the Receiver's Borrowings (as defined below), as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise (including, without limitation, any security interest or deemed trust granted or arising pursuant to the Controlled Substances Legislation), in favour of any Person (collectively, "**Encumbrances**"), but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

27. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

28. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and

charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

29. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable (the "**Receiver's Borrowings**"), provided that the outstanding principal amount does not exceed $3,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures and the fees and expenses of the Receiver and its counsel. The whole of the Property and the Subsidiary Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the Receiver's Borrowings, together with interest and charges thereon, in priority to all Encumbrances, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

30. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with the Receiver's Borrowings under this Order shall be enforced without leave of this Court.

31. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as **Schedule "A"** hereto (the "**Receiver's Certificates**") for any Receiver's Borrowings pursuant to this Order.

32. **THIS COURT ORDERS** that the Receiver's Borrowings from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

33. **THIS COURT ORDERS** that the Guide Concerning Commercial List E-Service (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: https://www.ksvadvisory.com/experience/case/mjardin-group-inc.

34. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by email, ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business

day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

35. **THIS COURT ORDERS** that the Receiver shall: (i) issue a press release advising of the commencement of this application and the granting of this Order; and (ii) provide written notice to the Canadian Securities Exchange and the Ontario Securities Commission of the commencement of this application and the granting of this Order.

GENERAL

36. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

37. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy or court-appointed monitor under the CCAA of the Debtor and/or any of the Subsidiaries.

38. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

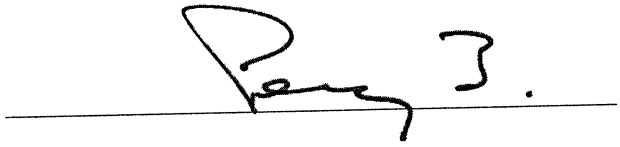
39. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

40. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

41. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver, the Applicant, and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

42. **THIS COURT ORDERS** that the Receiver, its counsel and counsel for the Applicant may serve or distribute this Order, or any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the creditors or any other stakeholders or other interested parties of the Debtor and its advisors (if any). For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).



SCHEDULE "A"

Receiver's Certificate

CERTIFICATE NO. _____

AMOUNT $_____

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver and manager (the "**Receiver**") of the assets, undertakings and properties of MJardin Group, Inc. (the "**Debtor**"), acquired for, or used in relation to a business carried on by the Debtor, excluding the Excluded Assets and the Excluded Business (collectively, the "**Property**"), appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ► of March, 2022 (the "**Order**") made in an application having Court File No. CV-22-_____-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of $►, being part of the total principal sum of $3,000,000 which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the

Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of MONTH, 2022.

KSV Restructuring Inc., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name:

Title:

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

PricewaterhouseCoopers Inc. (solely in its capacity as receiver and manager of Bridging Finance Inc. and certain related entities and investment funds)

- and -

MJardin Group, Inc.

Applicant

Responden

Court File No. CV-22_____-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto, Ontario

ORDER
(Appointing Receiver)

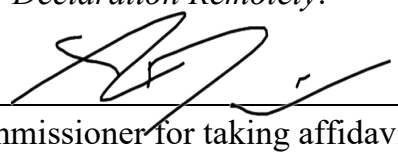
Thornton Grout Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax: (416) 304-1313

Rebecca L. Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca
Tel: (416) 304-0603

Adam Driedger (LSO #77296F)
Email: adriedger@tgf.ca
Tel.: (416) 304-1152

Lawyers for the Applicant

This is Exhibit "L" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

Source: *KSV Restructuring Inc.*

March 23, 2022 09:50 ET

Court Appoints KSV Restructuring as Receiver and Manager of MJardin Group, Inc.

TORONTO, March 23, 2022 (GLOBE NEWSWIRE) -- KSV Restructuring Inc. ("**KSV**"), in its capacity as receiver and manager of MJardin Group, Inc. (CSE:MJAR, "**MJardin**"), announces that the Ontario Superior Court of Justice (Commercial List) (the "**Court**") earlier today granted an application by PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (collectively, "**Bridging**"), seeking to appoint KSV as receiver and manager of MJardin. Bridging is the senior secured creditor of MJardin. MJardin had previously announced on March 15, 2022 that it had received a demand notice from PwC on behalf of Bridging seeking repayment of amounts owing by MJardin under its credit agreements, as well as a Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act* (Canada).

The Court issued an order (the "**Receivership Order**") appointing KSV as receiver and manager (in such capacity, the "**Receiver**") of the property, assets and undertaking of MJardin, excluding certain excluded assets as specified in the Receivership Order. The Receiver has not been appointed as the receiver of MJardin's direct and indirect subsidiaries (collectively the "**Subsidiaries**").

The Receiver is issuing this press release and will provide written notice of the granting of the Receivership Order to the Canadian Securities Exchange and the Ontario Securities Commission pursuant to the Receivership Order.

The purpose of the receivership proceedings is to stabilize MJardin's business and to provide the time needed to consider available restructuring options and alternatives. Bridging, as MJardin's senior ranking secured creditor, has advised that it is prepared to provide MJardin and the Subsidiaries with the funding they require to continue their business operations while the review of restructuring options and alternatives is ongoing.

Pursuant to the Receivership Order, the Receiver has no obligation to fulfil or satisfy, or cause MJardin to fulfil or satisfy, any continuous disclosure or other reporting obligations pursuant to the *Securities Act* (Ontario), the regulations thereunder or any national instrument or national policy or any similar federal, provincial, U.S. federal or state securities legislation, regulation or policies, as well as any rules, policies, guidance and other requirements of any stock exchange or marketplace on which any securities of MJardin are posted and/or traded.

Copies of the materials publicly filed in connection with these receivership proceedings are available on the Receiver's website, at https://www.ksvadvisory.com/experience/case/mjardin-group-inc.

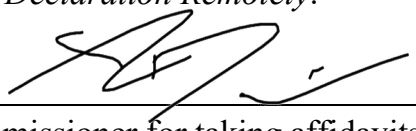
The Canadian Securities Exchange has not in any way passed upon the merits of and has neither approved nor disapproved the contents of this news release.

This news release does not constitute an offer to sell or a solicitation of an offer to sell any securities in the United States.

For further information, please contact:

Murtaza Tallat
KSV Restructuring Inc., Court-appointed receiver and manager of MJardin Group, Inc.
mtallat@ksvadvisory.com
416.932.6031

This is Exhibit "M" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

Execution Version

DEBTOR-IN-POSSESSION FINANCING TERM SHEET

June 1, 2022

Re: Debtor-in-Possession Financing for MJardin Group, Inc., GrowForce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation

WHEREAS by orders of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 30, 2021, May 3, 2021 and May 14, 2021 (collectively, the "**Appointment Orders**"), PricewaterhouseCoopers Inc. ("**PwC**") was appointed as receiver and manager of all of the assets, properties and undertaking of Bridging Finance Inc. and certain related entities and investment funds (in such capacity, the "**Bridging Receiver**");

AND WHEREAS pursuant to the Appointment Orders, the Bridging Receiver is authorized to execute this Term Sheet in the name and on behalf of the DIP Lender (as defined below);

AND WHEREAS the Bridging Receiver will bring an application under the *Companies' Creditors Arrangement Ac*t, R.S.C. 1985, c. C- 36, as amended (the "**CCAA**" and such proceedings, the "**CCAA Proceeding**") in respect of the Borrower (as defined below);

AND WHEREAS subject to the commencement of the CCAA Proceeding and the terms and conditions set forth herein, the DIP Lender has agreed to provide debtor-in-possession financing to the Borrower to fund working capital requirements and other fees and costs during the pendency of the CCAA Proceeding;

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

LENDER:	Bridging Finance Inc., as agent on behalf of an affiliate (or affiliates) to be named (the "**DIP Lender**").
BORROWER:	MJardin Group, Inc., GrowForce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation on a joint and several basis (collectively, the "**Borrower**").
CURRENCY:	Unless otherwise expressly indicated, all monetary references in this Term Sheet are references to Canadian dollars.
LOAN AMOUNT:	A non-revolving debtor-in-possession credit facility in the maximum principal amount of $2,000,000 (the "**Facility**"). Advances under the Facility (each, an "**Advance**" and collectively, the "**Advances**") are subject to the terms and conditions described herein.
PURPOSE:	To support the working capital requirements and restructuring expenses of the Borrower during the CCAA Proceeding in accordance with the DIP Budget (as defined below). The Borrower may not use the proceeds of the Facility to pay any obligations incurred by the Borrower prior to the commencement of the CCAA Proceeding without the prior written consent of the DIP Lender and

KSV Restructuring Inc. in its capacity as proposed monitor in the CCAA Proceeding (the "**Monitor**"), save for in accordance with the DIP Budget.

INTEREST RATE & PAYMENT: Advances under the Facility will bear interest at 10.0% per annum. Interest shall be compounded monthly and calculated daily, and shall be capitalized and added to the principal amount outstanding under the Facility until the full amount outstanding hereunder has been paid in full in accordance with the terms and conditions set out herein.

TERM: The Facilities shall mature and all indebtedness and obligations (the "**Obligations**") of the Borrower thereunder shall become immediately due and payable on the earlier of: (i) the occurrence of an Event of Default (as defined below); (ii) the implementation of a plan of compromise or arrangement or any other restructuring, sale, liquidation, or exit transaction in respect of all or substantially all of the Borrower's business (the "**Business**") or Property (as defined below) within the CCAA Proceeding; (iii) the termination of the CCAA Proceeding; and (iv) the day that is 100 days following the date of the initial Advance, which may be extended for an additional three month period upon request by the Borrower in consultation with the Monitor and the prior written consent of the DIP Lender (the "**Maturity Date**"), unless otherwise agreed to by the DIP Lender in writing.

ADVANCES: Provided that: (i) all of the terms and conditions set out herein are satisfied (including the granting of the DIP Order and the DIP Charge (each as defined below)); and (ii) an Event of Default has not occurred and be continuing, the Facility shall be made available to the Borrower in Advances of not less than $200,000 each.

Each Advance shall be made available to the Borrower by the DIP Lender within five business days of the DIP Lender receiving a written request from the Borrower, with a copy to the Monitor, in respect of such Advance. All such Advances are subject to the Borrower's ongoing compliance with the terms and conditions set out herein and approval by the Monitor.

Notwithstanding anything else contained herein, the DIP Lender shall not be obligated to make any Advances hereunder unless and until the DIP Order and DIP Charge have been granted.

REPAYMENT: The Obligations shall be repaid in full on the Maturity Date.

Any amounts received by the DIP Lender in repayment of the Obligations shall be applied in order as follows: (i) first, toward any outstanding interest, fees, and costs; and (ii) second, toward any outstanding principal amounts.

PREPAYMENT: The Borrower may prepay any outstanding Obligations at any time upon providing the DIP Lender with not less than five (5) business days' prior notice, subject to a 2% prepayment fee on any prepayment amount.

SECURITY: The Obligations shall be secured by a super-priority charge (the "**DIP Charge**") in favour of the DIP Lender against and attaching to all of the current and future assets, undertakings and properties of the Borrower of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**") created pursuant to an order (the "**DIP Order**") of the Court,

which must be in a form and substance satisfactory to the DIP Lender in its sole discretion. The DIP Charge shall initially be sought in the amount of $250,000, plus interest, fees and expenses, in the initial order to be sought in the CCAA Proceeding, and approval shall be sought by the Borrower to increase the DIP Charge to the full amount of the Facility, plus interest, fees and expenses, at the comeback hearing in the CCAA Proceeding.

The DIP Charge shall rank subordinate only to: (i) the Receiver's Charge and the Receiver's Borrowings Charge (as each such term is defined in the Order (Appointing Receiver) of the Court dated March 23, 2022 (CV-22-00678813-00CL) (the "**Receivership Order**"); and (ii) the Administration Charge in the CCAA Proceeding in the amount of $300,000.

LOAN FEE: $50,000 (the "**Loan Fee**").

The Loan Fee shall be deemed to have been fully earned by the DIP Lender upon acceptance by the Borrower of this Term Sheet. The Loan Fee shall be immediately due and payable by the Borrower on the date of the first Advance and shall be deducted from the principal amount of the first Advance.

DIP LENDER'S FEES: The Borrower hereby agrees to pay for all reasonable costs and expenses incurred by the DIP Lender in connection with this Term Sheet and the Facility, including reasonable legal fees, and any costs and expenses incurred in protecting and enforcing the DIP Lender's rights and remedies under this Term Sheet and/or the DIP Charge.

CONDITIONS TO FUNDING: This Term Sheet and the Facility are subject to the following conditions, which must be satisfied prior to the first Advance and must remain satisfied at all times while any Obligations remain outstanding. Any of the following conditions may be waived by the DIP Lender in its sole discretion by providing the Borrower with prior written notice:

1. the Borrower must fully execute and deliver this Term Sheet and all related documents and security reasonably required by the DIP Lender (collectively, the "**DIP Documents**");

2. the DIP Order must be granted by the Court in a form and substance satisfactory to the DIP Lender (it being agreed and acknowledged by the DIP Lender that the DIP Charge shall initially be sought in the amount of $250,000, plus interest, fees and expenses, in the initial order to be sought in the CCAA Proceeding, and approval shall be sought by the Borrower to increase the DIP Charge to the full amount of the Facility, plus interest, fees and expenses, at the comeback hearing in the CCAA Proceeding seeking an amended and restated initial order ("**ARIO**"));

3. the DIP Order must not be vacated, stayed, amended, or otherwise adversely impacted;

4. the DIP Lender must have received and approved of the DIP Budget and the Borrower must be in compliance in all material respects with the DIP Budget;

5. the DIP Lender must be satisfied that the Borrower is in compliance in all material respects with applicable law;

6. the Borrower must provide satisfactory confirmation that it is current during the CCAA Proceeding on all of its: (i) potential priority tax remittances of any kind; (ii) obligations that are secured by a deemed trust in favour of Her Majesty the Queen in right of Canada or a province thereof, including any income tax, Canada Pension Plan or employment insurance source deductions; (iii) payments in respect of any pension plan; and (iv) property taxes; and

7. no Event of Default shall have occurred and be continuing.

FINANCIAL & OTHER REPORTING:

On or before 5:00 p.m. on the Friday of each week while any Obligations remain outstanding, the Borrower shall deliver to the DIP Lender the following reporting:

1. a rolling 13-week period detailed budget (the "**DIP Budget**"), which is in form and substance satisfactory to the DIP Lender in its sole discretion, it being acknowledged that the cash-flow forecast appended to the Monitor's pre-filing report in the CCAA Proceeding is satisfactory to the DIP Lender as the initial DIP Budget and each subsequent DIP Budget delivered to the DIP Lender shall be deemed to be satisfactory to the DIP Lender unless objected to by notice in writing from the DIP Lender to the Borrower and the Monitor within five (5) business days of the DIP Lender's receipt of an updated DIP Budget; and
2. such other information as the DIP Lender may reasonably request from time-to-time.

Within 30 days of the end of each fiscal month, if so requested by the DIP Lender, the Borrower shall deliver to the DIP Lender the following reporting:

1. monthly interim financial statements for each entity that comprises the Borrower;
2. aged accounts receivable schedule;
3. aged accounts payable schedule;
4. accrued liabilities schedule;
5. summary trial balance; and
6. bank statements for each entity that comprises the Borrower for the preceding month.

EVIDENCE OF INDEBTEDNESS:

The DIP Lender's accounts and records shall constitute, in the absence of manifest error, conclusive evidence of the outstanding Obligations of the Borrower to the DIP Lender under the Facility.

AFFIRMATIVE COVENANTS:

The Borrower hereby covenants and agrees that it shall do and perform each of the following until the Obligations are permanently and indefeasibly repaid in full:

1. keep and maintain all Property in good working order and condition (ordinary wear and tear and casualty events excepted);

2. maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar business operating in the same or similar locations;

3. pay its indebtedness as and when due, subject to all applicable agreements, priorities, grace periods and extensions and except to the extent such indebtedness is (i) stayed by the CCAA Proceedings, and/or (ii) being properly contested by the Borrower in good faith by appropriate proceedings promptly instituted and diligently conducted;

4. conduct all Business and other activities in a manner consistent with the DIP Budget;

5. comply in all material respects with all applicable laws;

6. keep proper books and accounting records, in which full and correct entries shall be made in respect of all of the Property and the Borrower's financial transactions;

7. collect and enforce, at its sole expense, all amounts due or hereafter due to the Borrower under its accounts receivable;

8. maintain as current all licenses and permits necessary to conduct its business, including taking all steps to ensure that its cannabis licenses with Health Canada remain in good standing;

9. make all premium payments in connection with any insurance policies in respect of the Property, take all other steps to ensure that such insurance policies remain in good standing, and provide evidence of same to the DIP Lender upon request;

10. provide the DIP Lender with a right of first refusal with respect to any future loans that may be required by the Borrower;

11. keep all applicable property and other taxes current during the CCAA Proceeding;

12. keep the DIP Lender apprised on a timely basis of all material developments with respect to the Borrower's business (the "**Business**"), the Property, and the CCAA Proceeding;

13. notify the DIP Lender forthwith of the occurrence of any Event of Default; and

14. notify the DIP Lender forthwith upon learning that any party is seeking or taking any steps to vary or set aside (in whole or in part) the DIP

Order or any other order of the Court in the CCAA Proceeding in a manner that is adverse to the DIP Lender.

NEGATIVE COVENANTS: The Borrower covenants and agrees that it shall not at any time, in each case without the prior written consent of DIP Lender:

1. seek any order of the Court in the CCAA Proceeding (or any amendment thereto) that adversely impacts the DIP Lender, as determined by the DIP Lender in its sole discretion;

2. except for the Charges, the security granted in respect of the existing senior secured credit facility with Bridging Finance Inc., as agent, and any other security duly granted by the Borrower prior to the date hereof, create, incur, or permit to exist any encumbrances, or grant any security or charge in respect of the Property or Business other than in the ordinary course of business or as may arise pursuant to applicable law (each, a "**Subsequent Encumbrance**"). For greater certainty, if the DIP Lender consents to any Subsequent Encumbrance, such Subsequent Encumbrance shall be fully postponed and subordinated to the DIP Charge pursuant to the DIP Order;

3. make any payments or distributions of any kind other than as may be permitted in accordance with the DIP Budget or by order of the Court;

4. sell, assign, lease, transfer or otherwise dispose of any of its Property other than in the ordinary course of business or as authorized by the ARIO;

5. declare or pay any dividends or distributions of capital to shareholders, or repay any shareholders' loans, interest thereon, or share capital of the Borrower;

6. redeem or repurchase any issued securities;

7. change its name, amalgamate, consolidate with, or merge into or enter into any similar transaction with any entity;

8. except for the CRO engagement agreement to be entered into with Howards Capital Corp. or with the prior written consent of the DIP Lender, enter into any contracts or other agreements which involve potential expenditures in excess of $50,000 in any fiscal year;

9. permit, effect, or permit to exist a change of control or a sale of all or substantially all of the Business or Property; or

10. change its jurisdiction of incorporation or registered head office.

EVENTS OF DEFAULT: The occurrence of any one or more of the following events shall constitute an event of default (each, an "**Event of Default**") under this Term Sheet:

1. the Borrower fails to immediately pay when due, by acceleration or otherwise, any interest or principal payment under the Facility;

2. the Borrower fails to pay within three (3) business days of when due all fees or costs payable to the DIP Lender as set out herein;

3. the Borrower fails to perform or comply with any term, condition, or covenant set out in this Term Sheet or any other DIP Documents; and

4. a Material Adverse Change occurs.[1]

REMEDIES ON DEFAULT: Upon the occurrence of an Event of Default, in addition to all of the other rights and remedies available to the DIP Lender under applicable law:

1. the DIP Lender may, in its sole discretion, elect to terminate the DIP Lender's commitment to make further Advances and to set-off, consolidate and/or accelerate all outstanding Obligations and declare such amounts to be immediately due and payable without any grace periods;

2. the DIP Lender may, upon five (5) days' prior written notice to the Borrower and the Monitor:

   a. apply to the Court for the appointment of a receiver, an interim receiver, or a receiver and manager of the Business and/or the Property or any portion thereof;

   b. seek an order of the Court, on terms satisfactory to the Monitor and the DIP Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceeding to realize on the Property (but excluding any Property that is or may be subject to the Controlled Substances Legislation (as defined in the ARIO));

   c. exercise all powers and rights of a secured creditor available under applicable law; and

[1] "**Material Adverse Change**" means any event, circumstance, or occurrence, individually or in the aggregate, that materially adversely impacts (or could reasonably be expected to materially adversely impact): (i) the ability of the Borrower to satisfy the Obligations or otherwise perform any of the terms, conditions, or covenants set out herein; (ii) the priority, enforceability, or validity of the DIP Charge; or (iii) the Business or the Property, in each case other than an event, circumstance or occurrence to the extent resulting from one or more of the following: (a) any change in general economic, business, regulatory, political, financial, capital or credit market conditions in Canada; (b) any change that generally affects any industry in which the Borrower operates; (c) any change arising in connection with earthquakes, natural disasters, epidemics and pandemics (or material worsening of any such epidemics and pandemics), hostilities, acts of war, sabotage or terrorism, or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage, or terrorism or military actions existing as of the date hereof; (d) any changes in applicable accounting rules; except in the case of the foregoing clauses (a), (b), (c) and (d) for any such change, event, occurrence, effect, state of facts or circumstance that materially and disproportionately affects the Borrower as compared to other participants in the industry in which the Borrower participates.

d. exercise all other rights and remedies available to the DIP Lender in respect of this Term Sheet, the other DIP Documents, and the DIP Order.

INDEMNITY & RELEASE:

The Borrower agrees to indemnify and hold harmless: (i) DIP Lender and any related entities and investment funds; and (ii) the Bridging Receiver and its directors, officers, employees, agents, affiliates, and legal counsel (all such persons and entities referred to herein as "**Indemnified Persons**") from and against any and all actions, suits, proceedings, claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (collectively, "**Claims**") which may be incurred by or asserted against any Indemnified Person as a result of or arising out of or in any way related to the Facility, the Term Sheet, or the other DIP Documents; provided, however, that the Borrower shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any Claims resulting from the gross negligence or wilful misconduct of such Indemnified Person.

The indemnities provided for under this Term Sheet shall survive any termination of this Term Sheet and/or the Facility.

ASSIGNMENT:

Upon prior written notice to the Borrower and the Monitor, the DIP Lender may assign this Term Sheet and any of the other DIP Documents and its rights and obligations thereunder, in whole or in part, or grant a participation in its rights and obligations thereunder at any time to any party acceptable to the DIP Lender in its sole discretion without the consent of the Borrower or the Monitor, provided that any such assignee shall have the financial wherewithal to fund the Facility.

The Borrower shall not assign this Term Sheet or any other DIP Documents or its rights or obligations thereunder, in whole or in part, without the prior written consent of the DIP Lender.

GOVERNING LAW:

This Term Sheet and the other DIP Documents shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature Page Follows]

IN WITNESS HEREOF, the parties hereto execute this Term Sheet as at the date first written above.

DIP LENDER:

PRICEWATERHOUSECOOPERS INC., solely in its capacity as court-appointed receiver and manager of the DIP Lender and with no personal or corporate liability

DocuSigned by:
Michael McTaggart
738D37082DA445E...

Name: Michael McTaggart
Title: Senior Vice President

BORROWER:

MJARDIN GROUP, INC.

Name: Edward Jonasson
Title: Chief Financial Officer

GROWFORCE HOLDINGS INC.

Name: Edward Jonasson
Title: Chief Financial Officer

8586985 CANADA CORPORATION

Name: Edward Jonasson
Title: Director

HIGHGRADE MMJ CORPORATION

Name: Edward Jonasson
Title: Director

7276528

IN WITNESS HEREOF, the parties hereto execute this Term Sheet as at the date first written above.

DIP LENDER:

PRICEWATERHOUSECOOPERS INC., solely in its capacity as court-appointed receiver and manager of the DIP Lender and with no personal or corporate liability

Name: Michael McTaggart
Title: Senior Vice President

BORROWER:

MJARDIN GROUP, INC.

DocuSigned by:
Edward Jonasson
7C92F1005770440...

Name: Edward Jonasson
Title: Chief Financial Officer

GROWFORCE HOLDINGS INC.

DocuSigned by:
Edward Jonasson
7C92F1005770440...

Name: Edward Jonasson
Title: Chief Financial Officer

8586985 CANADA CORPORATION

DocuSigned by:
Edward Jonasson
7C92F1005770440...

Name: Edward Jonasson
Title: Director

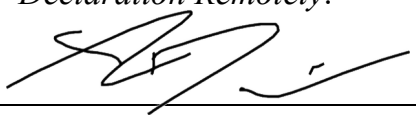
HIGHGRADE MMJ CORPORATION

DocuSigned by:
Edward Jonasson
7C92F1005770440...

Name: Edward Jonasson
Title: Director

7276528

This is Exhibit "N" referred to in the Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

Contact

howard@howardstevensteinberg.com

www.linkedin.com/in/howard-steinberg-55a367b0 (LinkedIn)

Howard Steinberg

Senior executive and experienced board member focused on change management

Canada

Summary

My focus is on building strong aligned management teams with a unified culture to maximize cash flow. I have extensive experience with all aspects of balance sheet and operational restructurings in private and public companies.

Experience

Trichome Financial Corp.

Board of Directors/Audit Committee/Compensation Committee

January 2019 - Present (3 years 6 months)

Trichome is a specialty finance company focused on providing flexible and creative capital solutions to the global legal cannabis market.

JWC

2 years 4 months

CEO & Board Member

September 2020 - Present (1 year 10 months)

JWC is one of Canada's largest indoor Cannabis facilities.

Chief Restructuring Officer

April 2020 - August 2020 (5 months)

Board of Directors/Chair of the Special Committee

March 2020 - April 2020 (2 months)

Canada

MYM Nutraceuticals Inc.

3 years 9 months

CEO & Board Member

September 2021 - Present (10 months)

Canada

Chairman of the Board/Chairman of the Compensation Committee/Audit Committee

September 2020 - September 2021 (1 year 1 month)

MYM is a Canadian producer and distributor of cannabis.

Chairman Of The Board
October 2018 - September 2020 (2 years)

Chairman Board of Directors & Interm CEO
February 2019 - April 2020 (1 year 3 months)

Board of Directors
October 2018 - February 2019 (5 months)

Revest Asset Management
Co-Founder & Managing Partner
January 2014 - Present (8 years 6 months)

Delray Beach, Florida

Investment portfolio consisting of acquired distressed residential real estate located in SE Florida. Portfolio has been sold.

Parallax Development Corp.
Executive Chairman Board of Directors
February 2018 - Present (4 years 5 months)

Parallax Development is a life sciences development company, in collaboration with Philip Morris International, focuses on an innovative, multi-patented platform for delivering nicotine to smokers in the safest ways possible.

Palm Beach Financial Solutions
Owner & Founder
January 2012 - December 2013 (2 years)

West Palm Beach, Florida Area

Investment portfolio consisting of acquired distressed residential real estate located in SE Florida. Portfolio has been sold.

The Rose Corporation
President
December 2009 - January 2012 (2 years 2 months)

Rose Corporation is a real estate platform with 50+ projects located across Canada and the US.

Fortress Investment Group

Managing Director - Head of Canadian Hedge Fund Operations
March 2005 - December 2009 (4 years 10 months)

GE Capital
Senior Vice President - Head of Canadian Distressed Lending
February 2004 - March 2005 (1 year 2 months)

RBC
Managing Director, Private Equity
June 2000 - January 2004 (3 years 8 months)
Toronto

Education

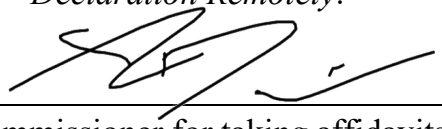
Charter Financial Analyst Charterholder (CFA)
CFA

Weatherhead School of Management
Doctorate Thesis, Leadership in the Context of a Corporate Restructuring

Ivey Business School at Western University
Master of Business Administration (M.B.A.)

Concordia University
Bachelor of Commerce, Management

This is Exhibit "O" referred to in the
Affidavit of Graham Page sworn by Graham Page at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario on June 1st, 2022 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



A Commissioner for taking affidavits

ADAM DRIEDGER

Execution Version

CRO ENGAGEMENT AGREEMENT

(the "**Agreement**")

BY AND AMONG: **MJardin Group, Inc.** ("**MJar**")

AND: **Howards Capital Corp.** ("**HC**")

AND: **Bridging Finance Inc., as agent** ("**BFI**")

RECITALS:

A. By orders of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 30, 2021, May 3, 2021 and May 14, 2021 (collectively, the "**Appointment Orders**"), PricewaterhouseCoopers Inc. ("**PwC**") was appointed as receiver and manager of all of the assets, properties, and undertakings of BFI and certain related entities and investment funds (in such capacity, the "**Bridging Receiver**").

B. Pursuant to the Appointment Orders, the Bridging Receiver is authorized to execute this Agreement in the name and on behalf of BFI.

C. Pursuant to an Order of the Court made on March 23, 2022 (the "**Receivership Order**") upon the application by the Bridging Receiver, KSV Restructuring Inc. ("**KSV**") was appointed as the receiver and manager (the "**MJar Receiver**") of the assets, undertakings and properties of MJar acquired for, or used in relation to a business carried on by MJar, excluding any excluded assets and business as specified in the Receivership Order.

D. The MJar Receiver and the Bridging Receiver are presently reviewing all strategic options and alternatives regarding the financial and operational circumstances of MJar and its direct and indirect subsidiaries, affiliates and joint ventures (the "**MJar Group**"), including the possibility of the Bridging Receiver commencing proceedings under the *Companies' Creditors Arrangement Ac*t, R.S.C. 1985, c. C- 36, as amended (the "**CCAA**" and such proceedings, the "**CCAA Proceedings**") in respect of MJar, GrowForce Holdings Inc., 8586985 Canada Corporation and Highgrade MMJ Corporation (collectively, the "**MJar Debtors**" and each an "**MJar Debtor**") before the Court in which KSV would be the proposed monitor (in such capacity, the "**Monitor**").

E. Subject to the commencement of the CCAA Proceedings and the granting of the CRO Approval Order (as defined below) by the Court, MJar will retain HC to perform the Services (as defined below) on and subject to the terms hereof. HC will act as Chief Restructuring Officer ("**CRO**") of the MJar Debtors and will perform the Services, including reporting to the Monitor and the Bridging Receiver. Howard Steinberg ("**Steinberg**"), HC's principal, will be the primary person providing the Services for HC.

F. Subject to the commencement of the CCAA Proceedings and certain other terms and conditions, the Bridging Receiver, on behalf of BFI as agent for an affiliate to be named (the "**DIP Lender**"), has agreed to make available to the MJar Debtors certain debtor-in-possession financing to fund the MJar Debtors' working capital requirements and other fees and costs related to the CCAA Proceedings, including, without limitation, the fees and costs payable to the CRO and the Consultants (as defined below) hereunder.

NOW THEREFORE in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. **TERM**. The term of this Agreement shall commence on the date (the "**Effective Date**") that the Court grants an order in the CCAA Proceedings approving this Agreement in form and substance acceptable to HC, the Bridging Receiver and the Monitor (the "**CRO Approval Order**") and shall continue, unless otherwise terminated pursuant to the terms hereof, until the earlier of: a) the closing of a sale (including pursuant to a reverse vesting transaction or, if the MJar Debtors commence an orderly wind-down of their operations, a liquidation of all or substantially all of the MJar Debtors' operational assets, properties and undertakings, whether on an *en bloc* or piecemeal basis (a "**Liquidation**")) or the implementation of a plan of compromise or arrangement in respect of one or more MJar Debtors, in either case resulting in all or substantially all of the assets, properties and undertakings of the MJar Debtors or the equity interests in one or more MJar Debtors being owned by one or more persons that are not BFI, an affiliate of BFI or under the control of the Bridging Receiver (or any successor thereto) (a "**Third-Party Sale**"); and b) the termination of the CCAA Proceedings (such earlier occurrence, the "**Completion**"). For the avoidance of doubt, a Third-Party Sale shall include a Liquidation.

2. **DUTIES**.

(a) **General**. HC shall provide the Services to the MJar Debtors in connection with the implementation of the Operational Restructuring (as hereinafter defined) in the best interests of all the stakeholders of the MJar Debtors, as set out in this Agreement.

(b) **Appointment as CRO**. Subject to the commencement of the CCAA Proceedings and receipt of the CRO Approval Order, HC is hereby appointed CRO of the MJar Debtors. HC shall cause Steinberg to devote his working time, skills and competence as circumstances require to the role of CRO and to effect the Operational Restructuring. HC shall primarily perform the Services remotely but Steinberg and the Consultants may attend at the MJar Debtors' premises as required from time to time to the extent necessary for HC's performance of the Services. MJar acknowledges and agrees that HC and Steinberg may engage in other commitments and business activities (some of which are in the cannabis sector and include outside directorships) during the term of this Agreement, provided that such activities do not interfere with the effective performance of the Services of HC hereunder. HC acknowledges that its appointment as CRO is subject to (among other things) the commencement of the CCAA Proceedings and that no determination has been made to commence the CCAA Proceedings at this time. For greater certainty, HC shall have no authority whatsoever to act on behalf of or with respect to any entity in the MJar Group that is not an MJar Debtor, including, without limitation, Growforce AC Holdings Inc., AtlantiCann Medical Inc., 13295389 Canada Corporation and Buddy Boy Brands Holdings, LLC.

(c) **Reporting Relationships**. HC and Steinberg shall report exclusively to the Monitor and the Bridging Receiver, on behalf of BFI and the DIP Lender.

(d) **Consultant Expenses**. The Services will be provided on behalf of HC by Steinberg and other consultants and/or advisors retained by HC (collectively, "**Consultants**", which for greater certainty does not include Steinberg) as HC may determine is appropriate in consultation with the Monitor and the Bridging Receiver. The Consultants' mandate will focus exclusively on the Operational Restructuring. It is currently expected that HC will retain those Consultants referenced on Schedule A of this Agreement at the rates set out in such schedule. HC shall not retain any Consultants other than those referenced on Schedule A without the prior written consent of the Bridging Receiver and the Monitor. MJar agrees, subject to approval in advance

by the Bridging Receiver and the Monitor, to pay for all reasonable fees and reasonable out-of-pocket expenses of HC associated with the Consultants (the "**Consultant Expenses**") in addition to the Monthly Fee and Expenses (each as defined below) within one (1) month of HC submitting invoices therefor. The work to be performed by the Consultants shall not be duplicative of that performed by Steinberg, the other employees of HC, the employees of the MJar Debtors, or the Monitor. The need for and use of the Consultants shall be reviewed by HC with the Bridging Receiver and the Monitor on a periodic basis. Subject to the foregoing, HC shall be solely liable for all fees and expenses of the Consultants and shall indemnify and hold harmless the MJar Debtors against any claims made by or on behalf of the any of the Consultants against any MJar Debtor relating to any claim for unpaid fees and expenses, wages, overtime, vacation pay, or any other claim under employment standards legislation, including reasonable notice of termination or payment in lieu thereof. For greater certainty, other than the obligation of MJar to pay Consultant Expenses to HC pursuant to this Section 2(d), in no event shall MJar be responsible for any obligations relating to the Consultants and the performance by the Consultants of the Services.

(e) **Standard of Performance**. HC shall provide the Services, including all ancillary services, in good faith. HC shall ensure that the Services are performed diligently and in accordance with professional standards of an appointment of this nature. In carrying out the Services, HC shall, and shall cause Steinberg and the Consultants to, at all times act in a manner which is in the best interests of the MJar Debtors and in furtherance of the Operational Restructuring and otherwise in accordance with the terms of this Agreement. HC shall ensure that Steinberg and the Consultants have all necessary security clearances and other authorizations under the *Cannabis Act* (Canada) and its regulations as are required to perform the Services. HC represents and warrants to MJar that: (i) HC holds a harmonized sales tax ("HST") registration number (773457262RC0001) and that it shall be responsible for deducting and remitting HST on the Monthly Fee to the appropriate taxing authority; (ii) HC is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada); and (iii) Steinberg and each of the Consultants is lawfully entitled to work in Canada.

(f) **Specific Duties**. HC shall provide the following services (collectively, the "**Services**"), in each case in accordance with this Agreement and subject to all orders of the Court in the CCAA Proceedings. The powers of HC expressly include authority, to the extent determined by HC from time to time, for management and control of any sites or facilities which any of the MJar Debtors operates and for any other operating activities of the MJar Debtors. The Services shall include without limitation:

- acting as CRO of the MJar Debtors on the terms contemplated hereby;
- overseeing the management of the assets and facilities of the MJar Debtors with a view to improving operations and profitability (the "**Operational Restructuring**");
- developing, for consideration by the Monitor and the Bridging Receiver, strategic alternatives for the MJar Debtors and implementing such strategic alternative(s) to the extent approved by the Monitor, the Bridging Receiver, and, as applicable, the Court;
- dealing with and communicating with the Bridging Receiver and other creditors and stakeholders regarding the MJar Debtors and the CCAA Proceedings, as well as the Monitor;

- consulting with the Monitor and the Bridging Receiver in connection with the Operational Restructuring;

- assisting with the preparation of all filings, applications or similar materials that may be necessary or desirable in connection with the CCAA Proceedings; and

- if so requested in writing by the Bridging Receiver, subject to HC being satisfied in its sole discretion with the directors and officers' insurance and/or indemnities in place at the time, Steinberg serving as a director of one or more of the MJar Debtors.

Except as contemplated by this Agreement, HC may not subcontract performance of the Services and agrees and acknowledges that Steinberg providing the Services on behalf of HC is a material term of this Agreement.

3. **CONSIDERATION FOR CONSULTING SERVICES**.

Subject to receipt of the CRO Approval Order, MJar shall provide the following consideration to HC for Services rendered hereunder:

(a) **Monthly Fee**. [redacted] per month, plus HST, payable monthly in arrears on the last day of each month (the "**Monthly Fee**") commencing on the Effective Date. The Monthly Fee for the first month will be pro-rated.

(b) **Additional Consideration**. Solely in the event of a Third-Party Sale, HC shall be entitled to a payment from MJar (the "**Additional Consideration**") based upon the amount of the Net Proceeds[1], calculated as follows:

(1) if the Net Proceeds are [redacted] or less, a payment in an amount that is equal to five percent (5%) of the Net Proceeds; and

(2) if the Net Proceeds are greater than [redacted], a payment in an amount that is equal to: (i) five percent (5%) of the first [redacted] of the Net Proceeds; plus (ii) fifteen percent (15%) of the amount of the Net Proceeds in excess of [redacted].

The obligation of MJar to pay the Additional Consideration shall survive for a period of nine (9) months following any termination of this Agreement by MJar or the Bridging Receiver pursuant to Section 8. Notwithstanding any other provision hereof, in the event HC terminates this Agreement pursuant to Section 8, HC shall have no entitlement to any

[1] "**Net Proceeds**" means the aggregate proceeds of a Third-Party Sale payable to any MJar Debtor (whether actually paid to such MJar Debtor or directed elsewhere), net of: (A) the MJar Debtors' reasonable legal fees and expenses, accountants' fees and expenses, liquidator fees and expenses, and any other reasonable advisory fees and expenses incurred by the MJar Debtors in connection with the Third-Party Sale, including, without limitation the reasonable fees and expenses of the Monitor and its counsel directly attributable to the Third-Party Sale; (B) other reasonable customary fees and expenses actually incurred by the MJar Debtors in connection with the Third-Party Sale; and (C) taxes paid or reasonably estimated to be payable in connection with the Third-Party Sale. Net Proceeds shall not include the proceeds of any assets, properties or undertaking of any MJar Group entity that is not an MJar Debtor, including any such proceeds that an MJar Debtor may receive or have an interest in or entitlement to by reason of being the direct or indirect equity holder or a creditor of an MJar Group entity that is not an MJar Debtor.

Additional Consideration. HC hereby acknowledges and agrees that any decision to complete a Third-Party Sale or complete such other transaction that will result in a Reorganized MJar (as defined below) will be subject to the prior consent of the Bridging Receiver (in its sole and absolute discretion) and in consultation with the Monitor.

(c) **Expenses**. MJar shall reimburse HC for all reasonable documented out-of-pocket expenses incurred by it (including any applicable taxes) in connection with the Services (the "**Expenses**") upon submission of invoices therefor (including without limitation travel). All individual Expenses exceeding $7,500, or Expenses of greater than $20,000 in the aggregate for any month, including, for greater certainty, travel or other expenses incurred by HC with respect to Steinberg or the Consultants, must be pre-approved by the Bridging Receiver and the Monitor. In addition to the Monthly Fee, HC shall submit an invoice for the Expenses plus applicable taxes within two (2) months of the Expenses having been incurred. The reimbursable Expenses shall include reasonable legal fees of Bennett Jones LLP incurred by HC in connection with this Agreement, including dealing with HC's agreements with the Consultants, to a maximum of $20,000.

(d) **No Benefits, etc.** None of HC, Steinberg or the Consultants shall be entitled to any payment or benefit except as expressly set forth in this Agreement, including, without limitation, any health and welfare benefits, insurance benefits, pension or retirement benefits or vacation entitlements or pay in lieu thereof.

4. **CHIEF EXECUTIVE OFFICER.** If there is no Third-Party Sale, upon Reorganized MJar (as defined below) emerging from the CCAA Proceedings the Bridging Receiver shall cause Reorganized MJar to enter into an agreement with HC substantially on the terms reflected in the form of CEO engagement agreement attached to the email between, *inter alia*, the Bridging Receiver and HC dated May 29, 2022 at 10:15 pm (Toronto time). As used herein, "**Reorganized MJar**" means MJar or such other entity that emerges from the CCAA Proceedings as the principal entity of the reorganized MJar Debtors if there is no Third-Party Sale.

5. **INFORMATION**. MJar will use its commercially reasonable efforts to ensure that HC has access to such accurate and complete information regarding the MJar Debtors as HC requires in order to perform the Services hereunder. HC shall be entitled to rely upon such information and shall be under no obligation to verify independently any such information so provided. HC shall also be under no obligation to investigate any changes in any such information occurring after the date it was provided to HC. In the event that HC believes it does not have the necessary information or cooperation from the MJar Debtors required to provide the Services, it shall promptly inform the Monitor of such situation.

6. **ADDITIONAL SERVICES**. If HC is requested to perform services in addition to the Services described herein, then the terms and conditions relating to such additional services will be outlined in a separate agreement and the fees for such services will be in addition to the fees payable hereunder and will be negotiated separately and in good faith.

7. **COURT APPROVAL AND SECURITY FOR FEES**. At the 10-day "comeback" hearing in the CCAA Proceedings, the Bridging Receiver shall seek Court approval of this Agreement pursuant to the CRO Approval Order, which CRO Approval Order may be incorporated in the amended and restated initial order (the "**ARIO**") to be sought in the CCAA Proceedings. The CRO Approval Order shall:

(a) Provide that none of HC, Steinberg, the Consultants or any other person providing the Services shall incur any liability or obligation as a result of the provision of the Services except as may result from the gross negligence or wilful misconduct of such person;

(b) Provide that HC, Steinberg, the Consultants and any other person providing the Services shall enjoy the benefit of any stay of proceedings granted in the CCAA Proceedings and any indemnity granted by Court order in the CCAA Proceedings in favour of any current and future officers and directors of the MJar Debtors;

(c) Provide that HC shall be entitled to the benefit of the Administration Charge (as defined in the ARIO) as security for MJar's obligation to pay the Monthly Fee, Expenses and Consultant Expenses (but not the Additional Consideration), it being acknowledged and agreed by the parties hereto that the quantum of the Administration Charge in respect of the Monthly Fee, the Expenses, and the Consultant Expenses shall be limited to $160,000. The Administration Charge will also secure the fees and expenses of the Monitor and those of legal counsel to the Monitor and the MJar Debtors (if any), all on a *pari passu* basis;

(d) Provide that HC shall be entitled to the benefit of a Court-ordered priority charge as security for MJar's obligation to pay the Additional Consideration, such charge to rank junior to the Administration Charge, the Receiver's Charge (as defined in the Receivership Order), the Receiver's Borrowings Charge (as defined in the Receivership Order), the debtor-in-possession financing charge, and the customary charge in favour of the MJar Debtor's director and officers; and

(e) Provide that the obligations of MJar arising under this Agreement are not obligations which may be compromised within the CCAA Proceedings.

8. **TERMINATION**. Any of the parties hereto may terminate this Agreement for any reason at any time prior to Completion upon not less than thirty (30) days' prior written notice to the other parties; provided, however, that such notice may not be sent by any party until the day that is 60 days following the Effective Date. In addition to the foregoing, Mjar and/or the Bridging Receiver may terminate this Agreement for any reason with immediate effect by providing written notice to HC and payment to HC of one Monthly Fee installment in lieu of prior written notice; provided, however, that such notice may not be sent by any party until the day that is 60 days following the Effective Date. In the event of any such termination: (i) HC shall be entitled to receive any pro-rated Monthly Fee and reimbursement of all Expenses and Consultant Expenses up to the effective termination date; and (ii) HC shall cause Steinberg to promptly resign from any directorship or other office he may hold with an MJar Debtor.

9. **CONFIDENTIALITY**. HC recognizes that the Services to be performed by it hereunder are special, unique and extraordinary in that, by reason of the Services it shall provide hereunder, it will acquire Confidential Information (as defined below) and trade secrets concerning the operation of the MJar Group, the use or disclosure of which could cause the MJar Group substantial losses and damages which could not be readily calculated and for which no remedy at law may be adequate. Accordingly, HC covenants and agrees on behalf of itself and its officers, directors, employees and other representatives, including Steinberg and the Consultants, that it and they will not at any time, except as required by law or with the prior written consent of MJar, or to a party bound by a confidentiality agreement with MJar if required in connection with the provision by HC of the Services hereunder, directly or indirectly, either disclose to any person, or use for any purpose other than the performance of the Services, any Confidential Information that they may learn or have learned by reason of HC's association with MJar, including in connection with the performance of the Services. HC and its representatives shall use the Confidential

Information for the sole purpose of rendering the Services. The term "**Confidential Information**" means any information not available to the public in respect of or relating to the MJar Group, including, but not limited to, the MJar Group's products and services, facilities and methods, trade secrets and other intellectual property, systems, procedures, manuals, confidential reports, product price lists, customer lists, financial information, business plans, prospects or opportunities, and non-public information obtained by HC from the MJar Group's partners, suppliers and clients. Confidential Information shall also include, without limitation, all reports prepared by HC and its representatives for MJar (which reports shall be the sole property of MJar), notes, analyses, compilations, studies, summaries and other materials prepared by HC or its representatives containing or based, in whole or in part, on Confidential Information. If any such Confidential Information is disclosed or otherwise made generally available to the public (other than by way of a breach of this covenant by HC) from a source not bound by a confidentiality agreement or under another legal or fiduciary obligation of confidentiality to the MJar Group, its clients, suppliers or partners, it shall no longer be subject to the covenant set out in this Section 9.

In the event that HC or any of its representatives, by oral questions, interrogatories, requests for information or documents in legal proceedings, subpoena or other similar processes, are requested or become legally compelled to disclose any of the Confidential Information, HC agrees that it or its representatives, or both, as the case may be, will, to the extent permitted at law and practicable in the circumstances, provide MJar with prompt written notice of such request or requirement so that MJar may seek a protective order or other appropriate remedy. If such protective order or other remedy is not obtained, HC or its representatives, as the case may be, who are requested to disclose the Confidential Information may furnish that portion of the Confidential Information which, in the written opinion of Bennett Jones LLP or other counsel reasonably acceptable to MJar, it is legally compelled to disclose; provided, however, that HC or its representatives requested to disclose the Confidential Information shall use their commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information so disclosed. It is acknowledged and agreed that in the circumstances described by this paragraph, MJar shall reimburse HC for all reasonable legal fees incurred by it, which fees shall not subject to the legal fee cap set out in Section 3(c) above.

Upon MJar's request, for any reason, HC and its representatives will promptly deliver to MJar all documents and other materials (and all copies and extracts thereof) constituting Confidential Information without retaining a copy or extract thereof; provided, however, that HC may retain copies of the Confidential Information (a) that is stored on HC's information technology backup and disaster recovery systems until the ordinary course deletion thereof, (b) that is maintained for compliance purposes, or (c) to the extent required to defend or maintain any litigation relating to this Agreement or the Confidential Information. If MJar requests or gives its prior written consent, HC or its representatives shall destroy all documents or other materials constituting Confidential Information in their possession, including in electronic form (subject to the exception in the preceding sentence) with any such destruction confirmed by them in writing to MJar. Whether or not there is a return or destruction of the Confidential Information, HC and its representatives will continue to be bound by their obligations of confidentiality and other obligations hereunder.

10. GENERAL PROVISIONS

(a) **Independent Contractor**. Nothing contained in this Agreement shall be construed as creating a relationship between MJar, on the one hand, and HC (including, for greater certainty, Steinberg or any of the Consultants), on the other hand, other than that of an independent contractor. HC and any of its directors, officers, employees, agents or other representatives, including Steinberg and the Consultants, shall not be deemed a partner, employee, joint venturer

or agent of the MJar Debtors by virtue of this Agreement. MJar shall not be responsible for any employee deductions or contributions which an employer would be required to effect if any of HC's employees, agents or other representatives (including the Consultants) were employees of MJar.

(b) **Intellectual Property**. MJar is and shall be the sole and exclusive owner of all right, title and interest throughout the world in and to all the results and proceeds of the Services performed under this Agreement, including but not limited to all reports prepared by HC and its representatives for MJar and all notes, analyses, compilations, studies, summaries and other materials prepared by HC in connection with the performance of the Services (collectively, "**Deliverables**"), including all patents, copyrights, trademarks, trade secrets and other intellectual property rights (collectively "**Intellectual Property Rights**") therein. HC irrevocably assigns to MJar, all rights, title and interest throughout the world in and to the Deliverables, including all Intellectual Property Rights therein. HC irrevocably and unconditionally waives all moral rights that HC may now have or may have in the future relating to the Deliverables. HC shall require each Consultant to execute written agreements securing for MJar the rights provided for in this Section 10(b) prior to and as a condition of the Consultants providing or performing any of the Services under this Agreement. Upon the request of MJar, HC shall promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist MJar to prosecute, register, perfect, record or enforce its Intellectual Property Rights in any Deliverables.

(c) **Notices**. Any notice hereunder by any party to the others shall be given in writing by personal delivery, or certified mail, return receipt requested, or by email transmission, in any case delivered to the applicable address set forth below:

(i) To MJar:

MJardin Group, Inc.
PO Box 846 – Toronto Adelaide Retail
Toronto, ON M5C 2K1

Attention: Edward Jonasson
Email: edward.jonasson@MJardin.com

With a copy that shall not constitute notice to:

KSV Restructuring Inc., as Court-appointed receiver and manager and proposed Monitor of MJardin Group, Inc.
150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9
Canada

Attention: Noah Goldstein / Murtaza Tallat
Email: ngoldstein@ksvadvisory.com / mtallat@ksvadvisory.com

with a copy that shall not constitute notice to:

Goodmans LLP
Bay Adelaide Centre – West Tower

333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Attention: Chris Armstrong / Andrew Harmes
Email: carmstrong@goodmans.ca / aharmes@goodmans.ca

(ii) To HC:

Howards Capital Corp.
4482 Hayes Road
Kelowna BC V1W 5A7

Attention: Howard Steinberg
Tel: (561) 997-4543
Email: howard@howardscapital.com

(iii) To the Bridging Receiver on behalf of BFI as agent:

PricewaterhouseCoopers Inc.
Suite 2600 – 18 York Street
Toronto ON M5J 0B2

Attention: Michael McTaggart / Graham Page
Email: michael.mctaggart@pwc.com / graham.page@pwc.com

or to such other persons or other addresses as one party may specify to the others in writing.

(d) **Amendment; Waiver**. No provision of this Agreement may be amended, modified, waived or discharged unless such amendment, modification, waiver or discharge is agreed to in writing and signed by the parties. No waiver by any party hereto, at any time, of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(e) **Assignment**. HC may assign this Agreement or any of its rights and obligations hereunder to an entity in which Steinberg is the sole owner with the consent of the Bridging Receiver, MJar, and the Monitor. MJar may assign this Agreement or any of its rights and obligations hereunder upon the written approval of HC, the Bridging Receiver, and the Monitor prior to doing so. The Bridging Receiver, on behalf of BFI, may assign this Agreement or any of its rights and obligations hereunder with the prior written consent of HC and the Monitor. Any unapproved assignment made in contravention of this section shall be null and void and have no legal effect.

(f) **Severability**. The parties have carefully reviewed the provisions of this Agreement and agree that they are fair and equitable. However, in light of the possibility of differing interpretations of law and changes in circumstances, the parties agree that if any one or more of the provisions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions of this Agreement shall, to the extent permitted by law, remain in full force and effect and shall in no way be affected, impaired or invalidated. Moreover, if any of the provisions contained in this Agreement is determined by a court of competent jurisdiction to be excessively broad as to duration, activity, geographic application or

subject, such provision shall be construed, by limiting or reducing it to the extent legally permitted, so as to be enforceable to the extent compatible with then applicable law.

(g) **Governing Law/Jurisdiction**. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal law of Canada applicable therein. The parties hereby irrevocably attorn to the exclusive jurisdiction of the Court with respect to any dispute arising under or in connection with this Agreement.

(h) **Entire Agreement**. This Agreement contains the entire agreement of MJar, HC, and the Bridging Receiver, on behalf of BFI, with respect to the subject matter hereof, and supersedes all prior agreements, understandings and arrangements, oral and written between the parties either jointly or individually, with respect to the subject matter hereof.

(i) **Survival**. The following provisions will survive the termination of this Agreement indefinitely: Sections 8, 9 and 10. The obligation to pay the Additional Consideration shall survive in accordance with the terms of Section 3(b) hereof.

(j) **Counterparts**. This Agreement may be executed by the parties hereto in counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same document.

(k) **Headings**. The headings of this Agreement are for convenience and reference only and shall not be considered in construing the provisions hereof.

(l) **Currency**. All financial references in this Agreement are to Canadian dollars unless otherwise indicated.

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 1st day of June, 2022.

MJARDIN GROUP, INC.

Per: DocuSigned by: Edward Jonasson 7C32F1065779446...
Name: Edward Jonasson
Title:

PRICEWATERHOUSECOOPERS INC., solely in its capacity as the Bridging Receiver (as defined herein) and without personal or corporate liability, on behalf of BRIDGING FINANCE INC., as agent

Per: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of this 1st day of June, 2022.

MJARDIN GROUP, INC.

Per: _____
Name:
Title:

PRICEWATERHOUSECOOPERS INC., solely in its capacity as the Bridging Receiver (as defined herein) and without personal or corporate liability, on behalf of BRIDGING FINANCE INC., as agent

Per: _____
Name: Michael McTaggart
Title: Senior Vice President

DocuSigned by:
Michael McTaggart
738D37084DA445F...

HOWARDS CAPITAL CORP.

Per: DocuSigned by: E2E5E93D12C2487...

Name: Howard Steinberg
Title: Director

SCHEDULE A

Consultants

Consultant	Per Month Compensation
James Andrews	[redacted]
Will Werth	[redacted]
David Hyde	[redacted]
Ross Hendry	[redacted]
Nicolas Elbaze	[redacted]
Robin Linden	[redacted]
Clarence Boey	[redacted]

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 INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Court File No.:_____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF GRAHAM PAGE
(Sworn June 1, 2022)

Thornton Grout Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax: (416) 304-1313

Rebecca L. Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca
Tel: (416) 304-0603

Adam Driedger (LSO #77296F)
Email: adriedger@tgf.ca
Tel.: (416) 304-1152

Lawyers for the PricewaterhouseCoopers Inc.

TAB 3

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE CHIEF	)	THURSDAY, THE 2ND
	)	
JUSTICE MORAWETZ	)	DAY OF JUNE, 2022

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 INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

B E T W E E N:

PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF BRIDGING FINANCE INC. AND CERTAIN RELATED ENTITIES AND INVESTMENT FUNDS

Applicant

- and –

MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Respondents

INITIAL ORDER

THIS APPLICATION, made by PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as court-appointed receiver and manager (in such capacity, the "**Bridging Receiver**") of Bridging Finance Inc. ("**BFI**") and certain related entities and investment funds (collectively, "**Bridging**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Initial Order in respect of MJardin Group, Inc. ("**MJar**"),

Growforce Holdings Inc. ("**Growforce**"), 8586985 Canada Corporation ("**858**") and Highgrade MMJ Corporation ("**Highgrade**" and, together with MJar, Growforce and 858, the "**Respondents**") was heard this day via videoconference.

ON READING the affidavit of Graham Page sworn June 1, 2022 and the Exhibits thereto (the "**Page Affidavit**"), the First Report of KSV Restructuring Inc. ("**KSV**") as receiver and manager of MJar and the Report of KSV as proposed Monitor dated June 1, 2022 (the "**KSV Report**"), and on hearing the submissions of counsel for the Bridging Receiver, counsel for the proposed monitor, KSV, and on reading the consent of KSV to act as the monitor of the Respondents (the "**Monitor**").

SERVICE

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

CAPITALIZED TERMS

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meaning given to them in the Page Affidavit.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that each Respondent is a company to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Respondents shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Respondents shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Respondents are authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently

retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order, in each case in consultation with the Monitor and the Bridging Receiver.

5. **THIS COURT ORDERS** that the Respondents shall be entitled to continue to utilize the central cash management system currently in place as described in the Page Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Respondents of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Respondents, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System on or after the date of this Order.

6. **THIS COURT ORDERS** that the Respondents shall be entitled to continue to use the corporate credit cards (the "**Credit Cards**") in place with Alterna Savings and Credit Union Ltd. ("**Alterna**") and shall make full repayment of all amounts outstanding thereunder, including with respect to any pre-filing charges.

7. **THIS COURT ORDERS** that the Respondents shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any Assistants retained or employed by the Respondents in respect of these proceedings at their standard rates and charges;

(c) the fees and disbursements of the Receiver and its counsel at their standard rates and charges;

(d) any taxes, duties or other payments required under the Controlled Substances Legislation (as defined below); and

(e) with the consent of the Monitor and the Bridging Receiver, amounts owing for goods or services supplied to the Respondents prior to the Initial Order if, in the opinion of the Respondents, such payment is necessary or desirable to avoid disruption to the operations of the Business or the Respondents during the CCAA proceedings.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, and subject to the DIP Credit Agreement and the other DIP Documents (each as defined below), the Respondents shall be entitled but not required to pay all reasonable expenses incurred by the Respondents in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business, including, without limitation, payments on account of insurance (including directors and officers insurance and financing payments in relation to directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Respondents following the date of this Order or payments to obtain the release of goods or delivery of services contracted for prior to the date of this Order.

9. **THIS COURT ORDERS** that the Respondents shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

(b) all goods, services, excise, or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Respondents in connection with the sale of goods and services by the Respondents, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Respondents.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Respondents shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be or has been negotiated between the Respondents and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears), or at such other time intervals and dates as may be agreed to between the Respondents, with the consent of the Monitor and the Bridging Receiver, and the applicable landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

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

RESTRUCTURING

12. **THIS COURT ORDERS** that the Respondents shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Documents, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of their business or operations;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and

(c) pursue all avenues of refinancing or restructuring their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or restructuring,

all of the foregoing to permit the Respondents to proceed with an orderly restructuring of the Business (the "**Restructuring**").

NO PROCEEDINGS AGAINST THE RESPONDENTS OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including June_____, 2022, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Respondents or the Monitor, or affecting the Business or the Property, except with the written consent of the Respondents and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Respondents or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Respondents and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Respondents or the Monitor, or affecting the Business or the Property, are hereby stayed and

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

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with any of the Respondents or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or any of the Respondents, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by any of the Respondents or exercising any other remedy provided under the agreements or arrangements, and that each of the Respondents shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the applicable Respondent in accordance with normal payment practices of the applicable Respondent or such other practices as may be agreed upon by the supplier or service provider and the applicable Respondent and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the current or future directors or officers of the Respondents with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Respondents whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a plan of compromise or arrangement in respect of the Respondents, if one is filed, is sanctioned by this Court or is refused by the creditors of the Respondents or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

20. **THIS COURT ORDERS** that the current and future directors and officers of the Respondents shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $355,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraphs 39 and 41 herein.

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

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Respondents with the powers and obligations set out in the CCAA or set forth herein and that the Respondents and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the Respondents pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

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

(a) monitor the Respondents' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Respondents, to the extent required by the Respondents, in their dissemination to the Bridging Receiver and counsel, as applicable, of financial and other information as agreed to between the Respondents and the Bridging Receiver (including for greater certainty, in its capacity as receiver and manager of the DIP Lender (as defined below)) and consented to by the Monitor;

(d) advise the Respondents in their preparation of the Respondents' cash flow statements and any other reporting required by the DIP Lender pursuant to the DIP Credit Agreement, which information shall be reviewed with the Monitor and delivered to the Bridging Receiver as receiver and manager of the DIP Lender and its financial advisors and/or counsel, as applicable, on a periodic basis pursuant to subparagraph 23(c) above;

(e) advise the Respondents in their development of any plan of compromise or arrangement, or in respect of any other restructuring transaction that may be pursued by the Respondents;

(f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Respondents, to the extent that is necessary to adequately assess the Respondents' business and financial affairs or to perform its duties arising under this Order;

(g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(h) apply to this Court for any orders necessary or advisable in connection with these CCAA proceedings and the Respondents' restructuring efforts; and

(i) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not occupy or take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of, the Property, or any assets, properties or undertakings of any of the Respondents' direct or indirect subsidiaries or affiliates, including any joint venture entities (collectively, the "**MJar Subsidiaries**"), for which a permit or license is issued or required pursuant to any federal, provincial or other law respecting, among other things, the cultivation, processing, sale and/or possession of cannabis or cannabis-related products in Canada or the United States, including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, the

Controlled Drugs and Substances Act, S.C. 1996, c. 19, the *Excise Act, 2001*, S.C. 2002, c. 22, the *Cannabis Control Act, 2017,* S.O. 2017, c. 26, Sched. 1, the *Ontario Cannabis Retail Corporation Act, 2017,* S.O. 2017, c. 26, the *Cannabis License Act, 2018,* S.O. 2018, c. 12, or other such applicable federal or provincial legislation (collectively, the "**Controlled Substances Legislation**") and shall take no part whatsoever in the management or supervision of the management of the Business or any business of any of the MJar Subsidiaries, and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained Possession of the Business or Property, or any part thereof, within the meaning of any Controlled Substances Legislation, or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

25. **THIS COURT ORDERS** that nothing herein contained shall require the DIP Lender or the Bridging Receiver to take Possession of any of the Property or the property of any MJar Subsidiaries that is or may be: (i) subject to any Controlled Substances Legislation; or (ii) environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any Environmental Legislation.

26. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to take Possession of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Respondents and the Bridging Receiver (including as receiver and manager of the DIP Lender) with information provided by the Respondents in response to reasonable requests for information made in writing by such creditors addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Respondents is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Respondents may agree.

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

29. **THIS COURT ORDERS** that the Monitor and counsel to the Monitor shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the Respondents as part of the costs of these proceedings. The Respondents are hereby authorized and directed to pay the accounts of the Monitor and counsel for the Monitor in accordance with the payment terms agreed between the Respondents and such parties.

30. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

31. **THIS COURT ORDERS** that the Monitor and counsel to the Monitor shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $100,000, unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred both before and after the making of this Order at their standard rates and charges. The Administration Charge shall have the priority set out in paragraphs 39 and 41 hereof.

DIP FINANCING

32. **THIS COURT ORDERS** that the Respondents are hereby authorized and empowered to obtain and borrow under a credit facility from BFI, as agent on behalf of an affiliate to be named (the "**DIP Lender**"), in order to finance the Respondents' working capital requirements, the costs of these proceedings and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $250,000 (plus accrued and unpaid interest, fees and reimbursable expenses) unless permitted by further Order of this Court.

33. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the term sheet between the Respondents and the DIP Lender (the "**DIP Credit Agreement**"), attached as Exhibit "M" to the Page Affidavit.

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

35. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not exceed the aggregate amount owed to the DIP Lender under the DIP Credit Agreement and the other DIP Documents. The DIP Lender's Charge shall have the priority set out in paragraphs 39 to 41 hereof.

36. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the DIP Documents;

(b) upon the occurrence of an event of default under the DIP Credit Agreement, the other DIP Documents, or the DIP Lender's Charge, the DIP Lender, upon five days' written notice to the Respondents and the Monitor, may exercise any and all of its rights and remedies against the Respondents or the Property under or pursuant to the DIP Credit Agreement, the other DIP Documents, and the DIP Lender's Charge, including, without limitation, to cease making advances to the Respondents and set off and/or consolidate any amounts owing by the DIP Lender to the Respondents against the obligations of the Respondents to the DIP Lender under the DIP Credit Agreement, the other DIP Documents, and the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager, or interim receiver, or for a bankruptcy order against any of the Respondents and for the appointment of a trustee in bankruptcy of any of the Respondents; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Respondents or the Property.

37. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of compromise or arrangement filed in these CCAA proceedings in respect of the Respondents, or any proposal filed under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") in respect of the Respondents with respect to any advances made under the DIP Credit Agreement and the other DIP Documents.

38. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lender under this Order, any other Order of the Court (whether made pursuant to these proceedings or otherwise), or at law, the DIP Lender shall incur no liability or obligation as a result of carrying out the provisions of this Order, including under any Controlled Substances Legislation, save and except for any gross negligence or willful misconduct on its part.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THE RECEIVERSHIP ORDER AND THIS ORDER

39. **THIS COURT ORDERS** that the priorities of the Receiver's Charge (as defined in the Receivership Order), the Administration Charge, the Receiver's Borrowings Charge (as defined in the Receivership Order), the DIP Lender's Charge and the Directors' Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Receiver's Charge;

Second – Administration Charge (to the maximum amount of $100,000);

Third – Receiver's Borrowings Charge (to the maximum amount of $2,548,266.24, plus accrued and unpaid interest, fees and reimbursable expenses);

Fourth – DIP Lender's Charge (to the maximum amount of $250,000, plus accrued and unpaid interest, fees and reimbursable expenses); and

Fifth – Directors' Charge (to the maximum amount of $355,000).

40. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

41. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, deemed trusts, liens, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, notwithstanding the order of perfection or attachment, except for any secured creditor of the Respondents who did not receive notice of the application for this Order. The Respondents shall be entitled to seek priority of the Charges ahead of additional Encumbrances on a subsequent motion on notice to those Persons likely to be affected thereby.

42. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Respondents shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Respondents also obtain the prior written consent of the Monitor, the Bridging Receiver, and the beneficiaries of the applicable Charge(s), or further Order of this Court.

43. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy or receivership order(s) issued pursuant to the BIA or other applicable statutes, or any bankruptcy or receivership order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Respondents, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Credit Agreement or the DIP Documents shall create or be deemed to constitute a breach by the Respondents of any Agreement to which any of them are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Respondents entering into the DIP Credit Agreement, the creation of the Charges, or the execution, delivery or performance of the DIP Documents; and

(c) the payments made by the Respondents pursuant to this Order, the DIP Credit Agreement or the DIP Documents and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

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

SERVICE AND NOTICE

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

46. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at: http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established by the Monitor in accordance with the Guide with the following URL: https://www.ksvadvisory.com/experience/case/mjardin-group-inc.

47. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Respondents and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Respondents' creditors or other interested parties at their respective addresses as last shown on the records of the Respondents

and that any such service, distribution or notice shall be deemed to be received: (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

48. **THIS COURT ORDERS** that the Respondents and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Respondents' creditors or other interested parties and their advisors, as applicable. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

49. **THIS COURT ORDERS** that, except with respect to any motion to be heard on the Comeback Date (as defined below), and subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the Respondents, the Monitor, or the Bridging Receiver in these proceedings shall, subject to further Order of this Court, provide the service list in these proceedings (the "**Service List**") with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. Eastern Standard/Daylight Time on the date that is two (2) days prior to the date such motion is returnable (the "**Objection Deadline**"). The Monitor shall have the ability to extend the Objection Deadline by notice in writing.

50. **THIS COURT ORDERS** that following the expiry of the Objection Deadline, counsel to the Monitor shall inform the Court, including by way of a 9:30 a.m. appointment, of the absence or the status of any objections to the motion and the judge having carriage of the motion may determine (a) whether a hearing in respect of the motion is necessary, (b) if a hearing is necessary, the date and time of the hearing, (c) whether such hearing will be in person, by telephone or videoconference, or by written submissions only, and (d) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the notice of motion.

SEALING

51. **THIS COURT ORDERS** that the Confidential Appendices to the KSV Report shall be sealed and kept confidential pending further order of this Court.

GENERAL

52. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on June _____, 2022, or such other date as may be set by this Court upon the granting of this Order (the "**Comeback Date**"), and any such interested party shall give not less than two (2) business days' notice to the Service List and any other party or parties likely to be affected by the Order sought in advance of the Comeback Date; provided, however, that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges and priorities set forth in paragraphs 39 and 41 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

53. **THIS COURT ORDERS** that, notwithstanding paragraph 52 of this Order, the Respondents or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Order, or for advice and directions in the discharge of their respective powers and duties under this Order or the interpretation or application of this Order.

54. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the Respondents, the Business, the Property, the MJar Subsidiaries, or any of the business or property of the MJar Subsidiaries.

55. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Respondents, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Respondents and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding,

or to assist the Respondents and the Monitor and their respective agents in carrying out the terms of this Order.

56. **THIS COURT ORDERS** that each of the Respondents and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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

_____

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

Court File No: _____

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE-COMMERCIAL LIST

Proceeding commenced at Toronto

INITIAL ORDER

Thornton Grout Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax: (416) 304-1313

Rebecca L. Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca
Tel: (416) 304-0603

Adam Driedger (LSO #77296F)
Email: adriedger@tgf.ca
Tel.: (416) 304-1152

Lawyers for the PricewaterhouseCoopers Inc.

TAB 4

~~Revised: January 21, 2014~~

Court File No. ~~—~~ _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE ~~—~~CHIEF	)	~~WEEKDAY~~THURSDAY, THE # 2ND
JUSTICE ~~—~~MORAWETZ	)	DAY OF ~~MONTH~~JUNE, ~~20YR~~2022

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT ~~OF [APPLICANT'S NAME] (the "Applicant")~~INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

B E T W E E N:

PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF BRIDGING FINANCE INC. AND CERTAIN RELATED ENTITIES AND INVESTMENT FUNDS

Applicant

- and –

MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Respondents

INITIAL ORDER

THIS APPLICATION, made by ~~the Applicant,~~PricewaterhouseCoopers Inc. ("**PwC**"), in its capacity as court-appointed receiver and manager (in such capacity, the "**Bridging Receiver**") of Bridging Finance Inc. ("**BFI**") and certain related entities and investment funds

(collectively, "**Bridging**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Initial Order in respect of MJardin Group, Inc. ("**MJar**"), Growforce Holdings Inc. ("**Growforce**"), 8586985 Canada Corporation ("**858**") and Highgrade MMJ Corporation ("**Highgrade**" and, together with MJar, Growforce and 858, the "**Respondents**") was heard this day ~~at 330 University Avenue, Toronto, Ontario~~via videoconference.

ON READING the affidavit of ~~[NAME]~~Graham Page sworn ~~[DATE]~~June 1, 2022 and the Exhibits thereto~~, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice~~ (the "**Page Affidavit**"), the First Report of KSV Restructuring Inc. ("**KSV**") as receiver and manager of MJar and the Report of KSV as proposed Monitor dated June 1, 2022 (the "**KSV Report**"), and on hearing the submissions of counsel for ~~[NAMES], no one appearing for [NAME][1] although duly served as appears from the affidavit of service of [NAME] sworn [DATE]~~the Bridging Receiver, counsel for the proposed monitor, KSV, and on reading the consent of ~~[MONITOR'S NAME]~~KSV to act as the monitor of the Respondents (the "**Monitor**~~,~~ ").

SERVICE

~~[1] Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated[2] so that this Application is properly returnable today and hereby dispenses with further service thereof.

CAPITALIZED TERMS

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meaning given to them in the Page Affidavit.

APPLICATION

3. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that ~~the Applicant~~each Respondent is a company to which the CCAA applies.

~~**PLAN OF ARRANGEMENT**~~

~~3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").~~

POSSESSION OF PROPERTY AND OPERATIONS

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

[2] ~~If service is effected in a manner other than as authorized by the Ontario *Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.~~

ordinary course of business or for the carrying out of the terms of this Order, in each case in consultation with the Monitor and the Bridging Receiver.

5. ~~[~~**THIS COURT ORDERS** that the ~~Applicant~~Respondents shall be entitled to continue to utilize the central cash management system[3] currently in place as described in the Page Affidavit ~~of [NAME] sworn [DATE]~~ or replace it with another substantially similar central cash management system (the ~~"~~"**Cash Management System**~~"~~") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~Respondents of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Respondents, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under ~~the Plan~~any plan of compromise or arrangement with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System on or after the date of this Order.~~]~~

6. **THIS COURT ORDERS** that the Respondents shall be entitled to continue to use the corporate credit cards (the "**Credit Cards**") in place with Alterna Savings and Credit Union Ltd. ("**Alterna**") and shall make full repayment of all amounts outstanding thereunder, including with respect to any pre-filing charges.

7. ~~6.~~ **THIS COURT ORDERS** that the ~~Applicant~~Respondents shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

~~[3] This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the ApplicantRespondents in respect of these proceedings, at their standard rates and charges;

(c) the fees and disbursements of the Receiver and its counsel at their standard rates and charges;

(d) any taxes, duties or other payments required under the Controlled Substances Legislation (as defined below); and

(e) with the consent of the Monitor and the Bridging Receiver, amounts owing for goods or services supplied to the Respondents prior to the Initial Order if, in the opinion of the Respondents, such payment is necessary or desirable to avoid disruption to the operations of the Business or the Respondents during the CCAA proceedings.

8. 7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, and subject to the ApplicantDIP Credit Agreement and the other DIP Documents (each as defined below), the Respondents shall be entitled but not required to pay all reasonable expenses incurred by the ApplicantRespondents in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business, including, without limitation, payments on account of insurance (including directors and officers insurance and financing payments in relation to directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the ~~Applicant~~Respondents following the date of this Order or payments to obtain the release of goods or delivery of services contracted for prior to the date of this Order.

9. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~Respondents shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees~~'~~' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) ~~Quebec Pension Plan, and (iv)~~ income taxes;

(b) all goods ~~and~~, services, excise, or other applicable sales taxes (collectively, ~~"~~"**Sales Taxes**~~"~~") required to be remitted by the ~~Applicant~~Respondents in connection with the sale of goods and services by the ~~Applicant~~Respondents, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order~~,~~; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the ~~Applicant~~Respondents.

10. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~**[or resiliated]**~~[4] in accordance with the CCAA, the ~~Applicant~~Respondents shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area

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

maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be or has been negotiated between the ~~Applicant~~Respondents and the landlord from time to time (~~"~~"**Rent**~~"~~"), for the period commencing from and including the date of this Order, ~~twice~~ monthly ~~in equal payments~~ on the first ~~and fifteenth~~ day of each month, in advance (but not in arrears), or at such other time intervals and dates as may be agreed to between the Respondents, with the consent of the Monitor and the Bridging Receiver, and the applicable landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

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

RESTRUCTURING

12. ~~11.~~ **THIS COURT ORDERS** that the ~~Applicant~~Respondents shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the ~~Definitive~~DIP Documents ~~(as hereinafter defined)~~, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of ~~its~~their business or operations~~, [and to dispose of redundant or non-material assets not exceeding $● in any one transaction or $● in the aggregate]~~[5];

~~[5] Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

(b) ~~[~~terminate the employment of such of ~~its~~their employees or temporarily lay off such of ~~its~~their employees as ~~it deems~~they deem appropriate~~]~~; and

(c) pursue all avenues of refinancing ~~of its~~or restructuring their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or restructuring,

all of the foregoing to permit the ~~Applicant~~Respondents to proceed with an orderly restructuring of the Business (the ~~"~~"**Restructuring**~~"~~") ~~.~~

~~12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims **[or resiliates]** the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer **[or resiliation]** of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.~~

~~13. THIS COURT ORDERS that if a notice of disclaimer **[or resiliation]** is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer **[or resiliation]**, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer **[or resiliation]**, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith~~.

NO PROCEEDINGS AGAINST THE ~~APPLICANT~~RESPONDENTS OR THE PROPERTY

13. ~~14.~~ **THIS COURT ORDERS** that until and including ~~[DATE – MAX. 30 DAYS]~~June _____, 2022, or such later date as this Court may order (the ~~"~~"**Stay Period**~~"~~"), no proceeding or enforcement process in any court or tribunal (each, a ~~"~~"**Proceeding**~~"~~") shall be commenced or continued against or in respect of the ~~Applicant~~Respondents or the Monitor, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Respondents and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the ~~Applicant~~Respondents or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Respondents and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

14. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being ~~"~~"**Persons**~~"~~" and each being a ~~"~~"**Person**~~"~~") against or in respect of the ~~Applicant~~Respondents or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Respondents and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the ~~Applicant~~Respondents to carry on any business which the ~~Applicant is~~Respondents are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour

of or held by any of the ~~Applicant~~Respondents, except with the written consent of the ~~Applicant~~applicable Respondent and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with any of the ~~Applicant~~Respondents or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or any of the ~~Applicant~~Respondents, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by any of the ~~Applicant~~Respondents or exercising any other remedy provided under the agreements or arrangements, and that each of the ~~Applicant~~Respondents shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the ~~Applicant~~applicable Respondent in accordance with normal payment practices of the ~~Applicant~~applicable Respondent or such other practices as may be agreed upon by the supplier or service provider and ~~each of~~ the ~~Applicant~~applicable Respondent and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant~~Respondents. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.[6]

[6] ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example,~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the ~~former,~~ current or future directors or officers of the ~~Applicant~~Respondents with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Applicant~~Respondents whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a plan of compromise or arrangement in respect of the ~~Applicant~~Respondents, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Respondents or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. ~~20.~~ **THIS COURT ORDERS** that the ~~Applicant~~Respondents shall indemnify ~~its~~their current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~Respondents after the commencement of the within proceedings to the extent such obligations and liabilities relate to the period on or after the date of this Order,[7] except to the extent that, with respect to any ~~officer or~~ director or officer, the obligation or liability was incurred as a result of ~~the~~such director~~'~~'s or officer~~'~~'s gross negligence or wilful misconduct.

20. ~~21.~~ **THIS COURT ORDERS** that the current and future directors and officers of the ~~Applicant~~Respondents shall be entitled to the benefit of and are hereby granted a charge (the

~~number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

~~[7] The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

"“**Directors' Charge**"”)[8] on the Property, which charge shall not exceed an aggregate amount of $●355,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph [20]19 of this Order. The Directors' Charge shall have the priority set out in paragraphs [38]39 and [40]41 herein.

21. 22. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors'' Charge, and (b) the Applicant'sRespondents' current and future directors and officers shall only be entitled to the benefit of the Directors'' Charge to the extent that they do not have coverage under any directors'' and officers'' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph [20]19 of this Order.

APPOINTMENT OF MONITOR

22. 23. **THIS COURT ORDERS** that [MONITOR'S NAME]KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ApplicantRespondents with the powers and obligations set out in the CCAA or set forth herein and that the ApplicantRespondents and itstheir shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the ApplicantRespondents pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor''s functions.

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

(a) monitor the Applicant'sRespondents' receipts and disbursements;

[8] Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the ~~Applicant~~Respondents, to the extent required by the ~~Applicant~~Respondents, in ~~its~~their dissemination~~,~~ to the ~~DIP Lender~~Bridging Receiver and ~~its~~ counsel ~~on a [TIME INTERVAL] basis~~, as applicable, of financial and other information as agreed to between the ~~Applicant~~Respondents and the ~~DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with~~Bridging Receiver (including for greater certainty, in its capacity as receiver and manager of the DIP Lender (as defined below)) and consented to by the Monitor;

(d) advise the ~~Applicant~~Respondents in ~~its~~their preparation of the ~~Applicant~~Respondents'~~s~~ cash flow statements and any other reporting required by the DIP Lender pursuant to the DIP Credit Agreement, which information shall be reviewed with the Monitor and delivered to the Bridging Receiver as receiver and manager of the DIP Lender and its financial advisors and/or counsel, as applicable, on a periodic basis~~, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender~~ pursuant to subparagraph 23(c) above;

(e) advise the ~~Applicant~~Respondents in ~~its~~their development of ~~the Plan and~~ any ~~amendments to the Plan~~plan of compromise or arrangement, or in respect of any other restructuring transaction that may be pursued by the Respondents;

~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~

(f) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant~~Respondents, to the extent that is necessary to adequately assess the ~~Applicant's~~Respondents' business and financial affairs or to perform its duties arising under this Order;

(g) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(h) apply to this Court for any orders necessary or advisable in connection with these CCAA proceedings and the Respondents' restructuring efforts; and

(i) perform such other duties as are required by this Order or by this Court from time to time.

24. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not occupy or take ~~possession of the Property~~control, care, charge, possession or management (separately and/or collectively, "**Possession**") of (or be deemed to take Possession of), or exercise (or be deemed to have exercised) any rights of control over any activities in respect of, the Property, or any assets, properties or undertakings of any of the Respondents' direct or indirect subsidiaries or affiliates, including any joint venture entities (collectively, the "**MJar Subsidiaries**"), for which a permit or license is issued or required pursuant to any federal, provincial or other law respecting, among other things, the cultivation, processing, sale and/or possession of cannabis or cannabis-related products in Canada or the United States, including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Act, 2001*, S.C. 2002, c. 22, the *Cannabis Control Act, 2017,* S.O. 2017, c. 26, Sched. 1, the *Ontario Cannabis Retail Corporation Act, 2017,* S.O. 2017, c. 26, the *Cannabis License Act, 2018,* S.O. 2018, c. 12, or other such applicable federal or provincial legislation (collectively, the "**Controlled Substances Legislation**") and shall take no part whatsoever in the management or supervision of the management of the Business or any business of any of the MJar Subsidiaries, and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained ~~possession or control~~Possession of the Business or Property, or any part thereof, within the meaning of any Controlled Substances Legislation, or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

25. **THIS COURT ORDERS** that nothing herein contained shall require the DIP Lender or the Bridging Receiver to take Possession of any of the Property or the property of any MJar

Subsidiaries that is or may be: (i) subject to any Controlled Substances Legislation; or (ii) environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any Environmental Legislation.

26. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor ~~to occupy or~~ to take ~~control, care, charge, possession or management (separately and/or collectively, "~~Possession~~")~~ of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the ~~Applicant and~~Respondents and the Bridging Receiver (including as receiver and manager of the DIP Lender) with information provided by the ~~Applicant~~Respondents in response to reasonable requests for information made in writing by such ~~creditor~~creditors addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~Respondents is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~Respondents may agree.

28. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor any its

employees and representatives acting in such capacities shall incur ~~no~~any liability or obligation as a result of ~~its~~the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Controlled Substances Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. **THIS COURT ORDERS** that the Monitor~~,~~ and counsel to the Monitor ~~and counsel to the Applicant~~ shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, by the ~~Applicant~~Respondents as part of the costs of these proceedings. The ~~Applicant is~~Respondents are hereby authorized and directed to pay the accounts of the Monitor~~,~~ and counsel for the Monitor ~~and counsel for the Applicant on a [TIME INTERVAL] basis and, in addition,~~in accordance with the ~~Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of $● [, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~payment terms agreed between the Respondents and such parties.

30. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

31. **THIS COURT ORDERS** that the Monitor~~,~~ and counsel to the Monitor~~, if any, and the Applicant's counsel~~ shall be entitled to the benefit of and are hereby granted a charge (the ~~"~~"**Administration Charge**~~"~~") on the Property, which charge shall not exceed an aggregate amount of $~~●,~~ 100,000, unless permitted by further Order of this Court, as security for their professional fees and disbursements incurred ~~at the standard rates and charges of the Monitor and such counsel,~~ both before and after the making of this Order ~~in respect of these proceedings~~at their standard rates and charges. The Administration Charge shall have the priority set out in paragraphs ~~[38]~~39 and ~~[40]~~41 hereof.

DIP FINANCING

32. **THIS COURT ORDERS** that the ~~Applicant is~~Respondents are hereby authorized and empowered to obtain and borrow under a credit facility from ~~[DIP LENDER'S NAME]~~BFI, as

agent on behalf of an affiliate to be named (the "**DIP Lender**"), in order to finance the Applicant'sRespondents' working capital requirements, the costs of these proceedings and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $●250,000 (plus accrued and unpaid interest, fees and reimbursable expenses) unless permitted by further Order of this Court.

33. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the commitment letterterm sheet between the ApplicantRespondents and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed"**DIP Credit Agreement**"), attached as Exhibit "M" to the Page Affidavit.

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

35. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is madeexceed the aggregate amount owed to the DIP Lender under the DIP Credit Agreement and the other DIP Documents. The DIP Lender's Charge shall have the priority set out in paragraphs [38] and [40]39 to 41 hereof.

36. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the ~~Definitive~~DIP Documents;

(b) upon the occurrence of an event of default under the ~~Definitive~~DIP Credit Agreement, the other DIP Documents, or the DIP Lender's Charge, the DIP Lender, upon ~~●~~five days' written notice to the ~~Applicant~~Respondents and the Monitor, may exercise any and all of its rights and remedies against the ~~Applicant~~Respondents or the Property under or pursuant to the ~~Commitment Letter, Definitive~~DIP Credit Agreement, the other DIP Documents, and the DIP Lender's Charge, including, without limitation, to cease making advances to the ~~Applicant~~Respondents and set off and/or consolidate any amounts owing by the DIP Lender to the ~~Applicant~~Respondents against the obligations of the ~~Applicant~~Respondents to the DIP Lender under the ~~Commitment Letter~~DIP Credit Agreement, the ~~Definitive~~other DIP Documents ~~or~~, and the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager, or interim receiver, or for a bankruptcy order against any of the ~~Applicant~~Respondents and for the appointment of a trustee in bankruptcy of any of the ~~Applicant~~Respondents; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the ~~Applicant~~Respondents or the Property.

37. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of compromise or arrangement ~~or compromise~~ filed ~~by the Applicant under the CCAA~~in these CCAA proceedings in respect of the Respondents, or any proposal filed ~~by the Applicant~~ under the *Bankruptcy and Insolvency Act* ~~of~~ (Canada) (the ~~"~~"**BIA**~~"~~"), ~~,~~ in respect of the Respondents with respect to any advances made under the ~~Definitive~~DIP Credit Agreement and the other DIP Documents.

38. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lender under this Order, any other Order of the Court (whether made pursuant to these proceedings or otherwise), or at law, the DIP Lender shall incur no liability or obligation as a

result of carrying out the provisions of this Order, including under any Controlled Substances Legislation, save and except for any gross negligence or willful misconduct on its part.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THE RECEIVERSHIP ORDER AND THIS ORDER

39. ~~38.~~ **THIS COURT ORDERS** that the priorities of the Receiver's Charge (as defined in the Receivership Order), the Administration Charge, the Receiver's Borrowings Charge (as defined in the Receivership Order), the DIP Lender's Charge and the Directors' Charge (collectively, the ~~Administration Charge and the DIP Lender's Charge~~"**Charges**"), as among them, shall be as follows[9]:

First – ~~Administration~~Receiver's Charge ~~(to the maximum amount of $●)~~;

Second – ~~DIP Lender's~~Administration Charge (to the maximum amount of $100,000); ~~and~~

~~Third~~

Third – Receiver's Borrowings Charge (to the maximum amount of $2,548,266.24, plus accrued and unpaid interest, fees and reimbursable expenses);

Fourth – DIP Lender's Charge (to the maximum amount of $250,000, plus accrued and unpaid interest, fees and reimbursable expenses); and

Fifth – Directors' Charge (to the maximum amount of $●355,000).

40. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "~~Charges~~")~~

[9] ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

41. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, deemed trusts, liens, charges and encumbrances~~,~~ and claims of secured creditors, statutory or otherwise (collectively, ~~"~~"**Encumbrances**~~"~~") in favour of any Person, notwithstanding the order of perfection or attachment, except for any secured creditor of the Respondents who did not receive notice of the application for this Order. The Respondents shall be entitled to seek priority of the Charges ahead of additional Encumbrances on a subsequent motion on notice to those Persons likely to be affected thereby.

42. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~Respondents shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~Charges, unless the ~~Applicant~~Respondents also ~~obtains~~obtain the prior written consent of the Monitor, the ~~DIP Lender~~Bridging Receiver, and the beneficiaries of the ~~Directors'~~applicable Charge ~~and the Administration Charge~~(s), or further Order of this Court.

43. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the ~~"~~"**Chargees**~~"~~") ~~and/or the DIP Lender~~ thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy or receivership order(s) issued pursuant to the BIA or other applicable statutes, or any bankruptcy or receivership order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with

respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "“**Agreement**"”) which binds the ~~Applicant~~Respondents, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the ~~Commitment Letter~~DIP Credit Agreement or the ~~Definitive~~DIP Documents shall create or be deemed to constitute a breach by the ~~Applicant~~Respondents of any Agreement to which ~~it is~~any of them are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant~~Respondents entering into the ~~Commitment Letter~~DIP Credit Agreement, the creation of the Charges, or the execution, delivery or performance of the ~~Definitive~~DIP Documents; and

(c) the payments made by the ~~Applicant~~Respondents pursuant to this Order, the ~~Commitment Letter~~DIP Credit Agreement or the ~~Definitive~~DIP Documents~~,~~ and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

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

SERVICE AND NOTICE

45. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~*The Globe and Mail* (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the ~~Applicant~~Respondents of more than $~~1000~~1,000, and (C) prepare a list showing the names and

addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by the Court.

46. 45. **THIS COURT ORDERS** that the E-Service ProtocolGuide of the Commercial List (the "**ProtocolGuide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the ProtocolGuide (which can be found on the Commercial List website at: http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 2113 of the ProtocolGuide, service of documents in accordance with the ProtocolGuide will be effective on transmission. This Court further orders that a Case Website shall be established by the Monitor in accordance with the ProtocolGuide with the following URL: '<@>'https://www.ksvadvisory.com/experience/case/mjardin-group-inc.

47. 46. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the ProtocolGuide is not practicable, the ApplicantRespondents and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or other electronic transmission to the Applicant'sRespondents' creditors or other interested parties at their respective addresses as last shown on the records of the ApplicantRespondents and that any such service or, distribution by courier, personal delivery or facsimile transmissionor notice shall be deemed to be received: (a) if sent by courier, on the next business day following the date of forwarding thereof, or(b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

48. **THIS COURT ORDERS** that the Respondents and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Respondents' creditors or other interested parties and their advisors, as applicable. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

49. **THIS COURT ORDERS** that, except with respect to any motion to be heard on the Comeback Date (as defined below), and subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the Respondents, the Monitor, or the Bridging Receiver in these proceedings shall, subject to further Order of this Court, provide the service list in these proceedings (the "**Service List**") with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. Eastern Standard/Daylight Time on the date that is two (2) days prior to the date such motion is returnable (the "**Objection Deadline**"). The Monitor shall have the ability to extend the Objection Deadline by notice in writing.

50. **THIS COURT ORDERS** that following the expiry of the Objection Deadline, counsel to the Monitor shall inform the Court, including by way of a 9:30 a.m. appointment, of the absence or the status of any objections to the motion and the judge having carriage of the motion may determine (a) whether a hearing in respect of the motion is necessary, (b) if a hearing is necessary, the date and time of the hearing, (c) whether such hearing will be in person, by telephone or videoconference, or by written submissions only, and (d) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the notice of motion.

SEALING

51. **THIS COURT ORDERS** that the Confidential Appendices to the KSV Report shall be sealed and kept confidential pending further order of this Court.

GENERAL

52. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on June _____, 2022, or such other date as may be set by this Court upon the granting of this Order (the "**Comeback Date**"), and any such interested party shall give not less than two (2) business days' notice to the Service List and any other party or parties likely to be affected by the Order sought in advance of the Comeback Date; provided, however, that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges and priorities set forth in paragraphs 39 and 41 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

53. ~~47.~~ **THIS COURT ORDERS** that, notwithstanding paragraph 52 of this Order, the ~~Applicant~~Respondents or the Monitor may from time to time apply to this Court to amend, vary, supplement or replace this Order, or for advice and directions in the discharge of ~~its~~their respective powers and duties ~~hereunder~~under this Order or the interpretation or application of this Order.

54. ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the ~~Applicant~~Respondents, the Business ~~or~~, the Property, the MJar Subsidiaries, or any of the business or property of the MJar Subsidiaries.

55. ~~49.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the ~~Applicant~~Respondents, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Applicant~~Respondents and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Applicant~~Respondents and the Monitor and their respective agents in carrying out the terms of this Order.

56. ~~50.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Respondents and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~51. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.~~

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

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 INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION** Respondents	Court File No:
	ONTARIO **SUPERIOR COURT OF JUSTICE-COMMERCIAL LIST** Proceeding commenced at Toronto
	INITIAL ORDER

Thornton Grout Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax: (416) 304-1313

Rebecca L. Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca
Tel: (416) 304-0603

Adam Driedger (LSO #77296F)
Email: adriedger@tgf.ca
Tel.: (416) 304-1152

Lawyers for the PricewaterhouseCoopers Inc.

Document comparison by Workshare Compare on Wednesday, June 1, 2022 4:40:38 PM

Input:	
Document 1 ID	file://C:\Users\adamd\Desktop\intitial-order-CCAA-EN (3).doc
Description	intitial-order-CCAA-EN (3)
Document 2 ID	file://C:\Users\adamd\Desktop\Draft Initial Order.doc
Description	Draft Initial Order
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:

	Count
Insertions	455
Deletions	390
Moved from	4
Moved to	4
Style changes	0
Format changes	0
Total changes	853

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 INVOLVING MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC., 8586985 CANADA CORPORATION AND HIGHGRADE MMJ CORPORATION

Court File No.:_____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

APPLICATION RECORD
(Returnable June 2, 2022)

Thornton Grout Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax: (416) 304-1313

Rebecca L. Kennedy (LSO# 61146S)
Email: rkennedy@tgf.ca
Tel: (416) 304-0603

Adam Driedger (LSO #77296F)
Email: adriedger@tgf.ca
Tel.: (416) 304-1152

Lawyers for the PricewaterhouseCoopers Inc.