

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

APPLICATION RECORD
(RETURNABLE NOVEMBER 6, 2024)
VOLUME 1 OF 2

October 29, 2024

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AND TO:	HEALTH CANADA Controlled Substances and Cannabis Branch 150 Tunney's Pasture Driveway Ottawa, ON K1A 0K9 Email: Info@hc-sc.gc.ca
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Court File No.

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SUPERIOR COURT OF JUSTICE
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Applicants

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appear on the following page.

THIS APPLICATION will come on for a hearing on November 6, 2024 at 9:30 a.m. before Justice Cavanagh presiding over the Superior Court of Justice (Commercial List):

- In writing
- In person
- By telephone conference
- By video conference

at the following location:

Zoom link to be uploaded on Caselines.

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 Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, 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 Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, 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.

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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 October , 2024

Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue
Toronto ON M5G 1R7

TO: Service List Attached

SERVICE LIST

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AND TO:	DEPARTMENT OF JUSTICE (CANADA) Ontario Regional Office, Tax Law Section 120 Adelaide Street West, Suite 400 Toronto, Ontario M5H 1T1 Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca Lawyers for Canada Revenue Agency
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AND TO:	HEALTH CANADA Controlled Substances and Cannabis Branch 150 Tunney's Pasture Driveway Ottawa, ON K1A 0K9 Email: Info@hc-sc.gc.ca
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APPLICATION

1. The Applicants, Noya Holdings Inc. (formerly, Radicle Cannabis Holdings Inc.) (“**NHI**”) and Noya Cannabis Inc. (formerly, Radicle Medical Marijuana Inc. and Radicle Remedy Inc.) (“**NCI**”, together the “**Applicants**” or the “**Company**”), make application for an order, substantially in the form attached at Tab “3” of this Application Record (“**Initial Order**”):

- (a) abridging the time for and validating service of this notice of application and application record and dispensing with service on any person other than those served;
- (b) declaring each of the Applicants to be a company to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”), applies;
- (c) authorizing the Applicants to carry on business in a manner consistent with the preservation of their business and property;
- (d) appointing BDO Canada Limited (“**BDO**”) as monitor of the Applicants with the rights and duties set out in the CCAA and the Initial Order (“**Proposed Monitor**”, and if appointed, the “**Monitor**”);
- (e) staying for an initial period of not more than ten (10) days, all proceedings, rights and remedies taken or that might be taken in respect of the Applicants, including their respective businesses and property, their directors and officers, and the Monitor (“**Stay of Proceedings**”);
- (f) extending the benefit of the Stay of Proceedings to 2675383 Ontario Limited and its respective directors and officers (the “**Non-Applicant Stay Party**”);

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- (g) authorizing the Applicants to pay the reasonable fees and disbursements of the Monitor and its counsel and the Applicants' counsel;
- (h) granting the following charges over the Applicants' property (the “**Priority Charges**”):
- (i) an administration charge in favour of counsel to the Applicants, the Monitor, and counsel to the Monitor (collectively, the “**Professional Group**”) to secure payment of their professional fees and disbursements to a maximum amount of \$200,000 (“**Administration Charge**”); and
 - (ii) a director's charge in favour of the directors and officers of the Applicants in the amount of \$100,000 (“**Director's Charge**”);
- (i) scheduling a comeback hearing on November 15, 2024 (“**Comeback Hearing**”) to seek an amended and restated Initial Order (“**Amended and Restated Initial Order**”), including but not limited to the following relief:
- (i) an extension of the Stay of Proceedings (“**Extended Stay Period**”);
 - (ii) an increase in the amount of the Administration Charge and Director's Charge;
 - (iii) approval of a DIP term sheet, authorizing the DIP loan and granting a DIP lender's charge;
 - (iv) approval to make payments to certain critical suppliers for pre-filing expenses or to honour cheques issued to providers of goods and services prior to

the Initial Order, with the consent of the Monitor, which are necessary to facilitate the Applicants' ongoing operations and preserve value during the CCAA proceedings; and

(v) approval of a sale and investment solicitation process, which will include a stalking horse bid.

2. The grounds for the application are:

(a) The registered office address of NHI is in Toronto, and that of NCI is in Ancaster, Ontario. NHI is the ultimate parent company of NCI and the Non-Applicant Stay Party. The applicable cannabis licences are held by NCI (grow and sales) and the Non-Applicant Stay Party (micro-cultivation).

(b) NCI is a licensed producer of premium cannabis products. The business has transitioned from retail to wholesale business-to-business sales or services. In this regard, NCI's production process involves growing its plants under optimal conditions in a tightly controlled indoor environment, and then hand-drying and hand-curing the trimmings before they are used to produce various cannabis products for sale.

(c) The business operates out of a leased state of the art cannabis production facility located at 90 Beach Road, Hamilton, Ontario.

Urgent Need for Relief

(d) The Applicants have debt in excess of \$5 million; are insolvent; have demand payments against them; are parties to litigation with looming deadlines; face the risk of liquidity challenges in the near future; and are in urgent need of relief under the CCAA.

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(e) In the past year, the Applicants have suffered losses due to, among other things, certain general trends, including: (i) lost revenues as a result of some of their customers filing for bankruptcy protection under the CCAA; (ii) a steep decline in the value of most publicly-traded cannabis companies in Canada, which forms part of the Company's client base; (iii) intense competition and an over-supply of cannabis products leading to reduced prices; and (iv) the low market demand for cannabis products, partially as a result of the illicit market for cannabis, causing a decline in orders.

(f) In addition, the Company's main secured creditor, Lending Stream Inc. (“**Lending Stream**”), has recently demanded payment from NHI under a convertible debenture in the amount of approximately \$1.9 million, and demanded payment from NCI under a royalty agreement in the amount of approximately \$3.4 million. The ultimate owner of Lending Stream is the brother of the ultimate owner of the Company.

(g) NHI is also indebted to 1955185 Ontario Inc. or a successor company (“**195**”) in the approximate amount of \$3.8 million. The ultimate owners of 195 are the parents or parent or family member of the owner or principal of NHI.

(h) The Company is also indebted to Gage Growth Corp. (formerly, Wolverine Partners Corp.) or TerrAscend Corp. (which acquired Gage Growth Corp.) in the approximate amount of \$1.3 million.

(i) The Company is also facing various contingent claims at different stages of litigation, arbitration or mediation with looming deadlines in these proceedings, including from Pure Sunfarms Corp. in the approximate amount of \$2.8 million (the “**Pure Claim**”); Ignite International Brands (Canada) Ltd. in the approximate amount of \$2

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million (the “**Ignite Claim**”); and 10805696 Canada Inc., o/a Mauve & Herbes in the approximate amount of \$360,000 (the “**Herbes Claim**”), (collectively, the “**Contingent Claims**”). The Ignite Claim of approximately \$2 million is against NCI and NHI. The Herbes Claim of approximately \$360,000 is against NCI. The Pure Claim of approximately \$2.8 million is against NCI.

CCAA Applies

(j) The Applicants are “debtor companies” to which the CCAA applies being Ontario corporations with their registered head offices in Ontario.

(k) NCI and NHI each owe in excess of \$5 million. That is, the above creditor claims and Contingent Claims against the Applicants exceed \$5 million for each Applicant and the Applicants are insolvent. They also face the risk of a looming liquidity challenge or “cash crunch” in the near future (to be dealt with at the Comeback Hearing, if the Initial Order is granted).

Objective of the CCAA Proceeding

(l) In consultation with their advisors, including the Proposed Monitor, the Applicants have determined that the CCAA process is the most beneficial way to maximize value for the Company's stakeholders.

(m) The Stay of Proceedings and the other relief set out in the Initial Order will provide breathing space to permit the Applicants to, among other things:

- (i) continue operations in the ordinary course of business;
- (ii) stabilize operations and protect the business;

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- (iii) prevent further enforcement, litigation, arbitration and/or mediation steps including regarding the Contingent Claims, and allow the Company and the principals of the Company to focus on restructuring under the CCAA instead of expending time and limited resources on looming deadlines in any litigation, arbitration and/or mediation including regarding the Contingent Claims;
 - (iv) prevent enforcement action or further enforcement action by any secured creditors of the Company;
 - (v) find a DIP lender and obtain DIP financing; and
 - (vi) identify and conclude a transaction with a potential purchaser or investor.
- (n) Absent the protection of the CCAA proceedings, the Applicants will not be able to continue operating.
- (o) An order under the CCAA is required to preserve the value of the Applicants' business for the benefit of the Company's stakeholders.

Stay of Proceedings

- (p) The Company requires a stay of proceedings to allow it to maintain the status quo and continue to operate its business while it pursues court approval (at the Comeback Hearing, if the Initial Order is granted) for a DIP loan and sale process with a view to preserving and maximizing value.
- (q) It is necessary and in the best interests of the Company and its stakeholders that the Applicants be afforded the “breathing space” provided by the CCAA while they

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pursue DIP financing and a sales process for the benefit of their creditors and other stakeholders.

(r) The Applicants are seeking to extend the Stay of Proceedings to the Non-Applicant Stay Party because it holds the micro-cultivation cannabis licence, it is integrated in business and/or operations with the Company and the micro-cultivation cannabis licence may be a part of the prospective sales process. The extension of the Stay of Proceedings to this entity is intended to prevent any regulatory actions related to its micro-cultivation cannabis licence, including the suspension or cancellation of the licence, due to the commencement of this CCAA proceeding by its ultimate parent (NHI) and NCI.

(s) The Proposed Monitor believes that the Stay of Proceedings, including its extension to the Non-Applicant Stay Party, is appropriate in the circumstances.

Administration Charge

(t) The Company is seeking the Administration Charge to secure the fees and disbursements of the Professional Group incurred in connection with services rendered to the Applicants both before and after the commencement of these CCAA proceedings.

(u) The granting of the Administration Charge is appropriate in the circumstances and will facilitate the active involvement of the beneficiaries of the charges during the CCAA proceedings.

(v) The Administration Charge sought is for the maximum amount of \$200,000 and is proposed to have a first-ranking priority against the Applicants' property.

Director's Charge

(w) The Applicants seek a charge on the Applicants' Property in favour of the Applicants' current officers and directors in priority to all other charges other than the Administration Charge, up to a maximum amount of \$100,000.

(x) To ensure the ongoing stability of the Company's business during the CCAA proceeding, it requires the continued participation of its officers and directors. The officers and directors have skills, knowledge and expertise, as well as established relationships with various stakeholders that will contribute to a successful restructuring. As a practical but critical matter, Health Canada requires at least one director of a licensed cannabis company to be in place in order to maintain its licence.

(y) The quantum of the Director's Charge was developed with the assistance and support of the Proposed Monitor based on analysis of risk to the directors in the initial Stay Period.

Cash Flow Forecast

(z) The Company, with the assistance of the Proposed Monitor, has prepared a projected 13-week cash flow forecast (the "**Cash Flow Forecast**") for the period ending on or about January 5, 2025, which is premised on, among other things, the assumption that the Applicants will be granted CCAA protection under the Initial Order and that a DIP loan of approximately \$400,000, DIP term sheet and DIP lender's charge will be approved or granted at the Comeback Hearing as part of the Amended and Restated

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Initial Order. The Cash Flow Forecast is a reasonable forecast of the Applicants' cash flow during the above period.

(aa) Pursuant to the Cash Flow Forecast, the Applicants will have negative cash flow forecasts towards the end of the 13-week period and expected not to have sufficient funds to get through the Extended Stay Period absent interim financing being approved at the Comeback Hearing and the DIP lender's charge being granted by the Court.

Sale Process

(bb) The Applicants intend to seek approval of a sale and investment solicitation process ("**Sale Process**") at the Comeback Hearing. The Applicants are in the process of negotiating a purchase agreement pursuant to which Lending Stream will, subject to court approval, act as a stalking horse bidder in the Sale Process.

(cc) The purchase agreement with the proposed stalking horse bidder will serve as a baseline for any bids received in the Sale Process to be measured. In the meantime, it will also signal to the Applicants' customers, employees and other stakeholders that business will continue as a going concern after these CCAA proceedings.

(dd) It is critical to the preservation of stakeholder value that going concern operations be preserved.

(ee) The proposed Sale Process will identify the best opportunities in the circumstances for maximizing value for the Applicants' stakeholders.

Proposed Monitor

(ff) The Applicants propose that BDO be appointed Monitor in these CCAA proceedings. BDO has consented to act as Monitor, subject to Court approval, and its written consent is attached as an exhibit to the Affidavit of Ziad Reda included in the Application Record.

(gg) BDO has reviewed, and assisted in the preparation of, the Cash Flow Forecast, and has provided guidance and assistance in the commencement of these CCAA proceedings.

(hh) BDO 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.

Other Grounds

(ii) The provisions of the CCAA, including sections 2, 3, 9(1), 11, 11.02(1), 11.03, 11.51, 11.52, and 11.7, and the statutory, inherent and equitable jurisdiction of this Court;

(jj) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 14, 16, and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended,

(kk) Section 106 of the Courts of Justice Act, R.S.O. 1990, c. C.43, as amended; and

(ll) Such further and other grounds as counsel may advise and this Honourable Court may permit;

3. The following documentary evidence will be used at the hearing of the application:

(a) the Affidavit of Ziad Reda sworn October 28, 2024 and the exhibits attached thereto;

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- (b) the consent of BDO to act as Monitor in the CCAA proceedings;
- (c) the Factum of the Applicants;
- (d) the pre-filing report of the Proposed Monitor, to be filed;
- (e) such further and other evidence as counsel may advise and this Court may permit.

October 28, 2024

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
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PROCEEDING COMMENCED AT
TORONTO

NOTICE OF APPLICATION

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Lawyers for the Applicants

TAB 2

ONTARIO
SUPERIOR COURT OF JUSTICE
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Applicants

AFFIDAVIT OF ZIAD REDA

I, **Ziad Reda**, of the Town of Ancaster, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

I. OVERVIEW

1. I am Chief Executive Officer and a director of the Applicants, Noya Holdings Inc. (formerly, Radicle Cannabis Holdings Inc.) ("**NHI**") and Noya Cannabis Inc. (formerly, Radicle Medical Marijuana Inc. and Radicle Remedy Inc.) ("**NCI**", together the "**Applicants**" or the "**Company**").

2. As the Chief Executive Officer of the Applicants, my primary responsibilities include managing the Company's overall operations and resources and making strategic business decisions.

3. I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

4. I swear this affidavit in support of, among other things, an application by the Company for protection from its creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).

5. More specifically, the Applicants are seeking an order (the “**Initial Order**”) approving, among other things:

- (a) an administration charge of \$200,000 (the “**Administration Charge**”);
- (b) a director's charge of \$100,000 (the “**Director's Charge**” and together with the Administration Charge, the “**Priority Charges**”);
- (c) the appointment of BDO Canada Limited as monitor of the Applicants in these CCAA proceedings; and
- (d) an initial stay of proceedings to November 15, 2024 (the “**Stay Period**”) and extending the benefit of the stay of proceedings to the Non-Applicant Stay Party (as defined below).

6. If the Initial Order is granted, the Applicants intend to return to Court on November 15, 2024 (the “**Comeback Hearing**”) to request an order (the “**Amended and Restated Initial Order**”) that would:

- (a) extend the Stay Period (the “**Extended Stay Period**”);
- (b) increase the amount of the Priority Charges as follows: Administration Charge to \$350,000 and the Director's Charge to \$200,000;

- (c) authorize and approve certain payments to critical suppliers for pre-filing expenses or to honour cheques issued to providers of goods and services prior to the Initial Order, with the consent of the Monitor, which are necessary to facilitate the Company's ongoing operations and preserve value during the CCAA proceedings;
- (d) approve a DIP term sheet, a DIP loan in the principal amount of \$400,000 and a DIP lender's charge in that amount; and
- (e) approve a sale and investment solicitation process, which will include a stalking horse bid.

7. For the reasons set out herein, I do verily believe that the Applicants are insolvent, are companies to which the CCAA applies and are facing the risk of looming liquidity challenges.

II. URGENT NEED FOR RELIEF

8. NHI is the ultimate parent company of NCI and 2675383 Ontario Limited ("**267**" or the "**Non-Applicant Stay Party**"). NHI is owned primarily by me and my brother, Youssef Reda, through a numbered holding company.

9. NHI is also the sole owner or holding company of Noya Store Inc. and 2672204 Ontario Limited. The latter two companies are not included or parties to these CCAA proceedings.

10. As elaborated below, the cannabis licences are held by NCI and 267. NCI operates the cannabis manufacturing and production business from leased premises. The Company is insolvent, will have liquidity challenges in the near future and faces several lawsuits, arbitrations and/or demands for payment, and is in urgent need of relief under the CCAA.

11. The cannabis industry is suffering the growing pains of a fairly novice industry. This has been reflected in the many CCAA filings or bankruptcies of various industry participants. It is also a highly regulated industry and has experienced rapid change as a result of these growing pains. The uncertainty caused by these changes has created an array of challenges for companies in the industry, including lower than expected sales and revenues, higher than expected compliance costs in this regulated business, litigation among producers, suppliers and customers, and difficulties in obtaining adequate investment and financing for operations and capital expenditures.

12. In the past year, the Applicants have suffered losses due to, among other things:

- (a) the loss of revenues in excess of \$500,000 due to customers filing under the CCAA;
- (b) litigation costs related to certain contingent claims and/or arbitrations;
- (c) a steep decline in the value of most publicly-traded cannabis companies in Canada, which also form the basis of some of NCI's client base;
- (d) intense competition and an over-supply of cannabis products leading to significant price reduction; and
- (e) the low market demand for cannabis products, partially as a result of the illicit market for cannabis, causing a decline in orders.

13. In addition, the Company's main secured creditor, Lending Stream Inc. ("**Lending Stream**"), has recently demanded payment from NHI under a convertible debenture in the amount of approximately \$1.9 million, and demanded payment from NCI under a royalty

agreement in the amount of approximately \$3.4 million. The main principal or owner of Lending Stream, Rami Reda, is my brother.

14. Other secured creditors of NHI and/or NCI include 1955185 Ontario Inc., as amalgamated, amended or changed to 1000593616 Ontario Inc. ("**195**"), and Gage Growth Corp. (formerly, Wolverine Partners Corp.) or TerrAscend Corp. (which acquired shares of Gage Growth Corp.) ("**TerrAscend**"). 195 is ultimately owned or controlled primarily by my parents or parent.

15. The Company is also facing various contingent claims, including from Pure Sunfarms Corp., Ignite International Brands (Canada) Ltd., and 10805696 Canada Inc., o/a Mauve & Herbes (the "**Contingent Claims**").

16. The Contingent Claims are at different stages of litigation, arbitration or mediation and have looming deadlines in the respective proceedings, which will require the Company to expend time, money and resources to meet those deadlines.

17. The secured claims of Lending Stream, 195 and TerrAscend, or the Lending Stream Debt, 195 Debt and TerrAscend Debt, as these terms are defined below, and the Contingent Claims, exceeds \$5 million for each of the Applicants.

18. The Company's management team has made determined efforts to address its financial challenges, including, among other things, reducing staff from approximately 50 employees to 18 employees in December, 2022; maximizing automation to more efficiently address manufacturing demands; increasing the efficiency of full-time production staff; making efforts to reduce services to save costs (i.e., phasing out excise dutiable sales in 2023); transitioning away from retail sales to wholesale business-to-business sales; and trying to reduce the

professional costs related to the litigation or arbitration of the Contingent Claims. Such efforts, although effective to a point, have been insufficient to completely address the challenges facing the Applicants.

19. Given these challenges, the Company requires the breathing space afforded by the CCAA in order to stabilize its operations for the benefit of all of its stakeholders. I therefore believe that the CCAA provides the most appropriate forum for the Company to restructure its affairs – whether it be through debt financing, an equity infusion, a sale, or some other form of creditor compromise.

III. OVERVIEW OF THE APPLICANTS

A. Background and Corporate Structure

a. Noya Holdings Inc.

20. NHI is the top-level holding company. NHI was incorporated in Ontario on July 5, 2017. Its previous name was Radicle Cannabis Holdings Inc. NHI's registered head office is located at 77 King Street West, Suite 3000, TD Centre North Tower, Toronto, Ontario. NHI is the direct and sole owner of NCI and the indirect (i.e., through another numbered company) and ultimate owner of 267. As noted above, NHI is also the holding company of Noya Store Inc. and 2672204 Ontario Limited, which are not part of these CCAA proceedings

21. Attached as **Exhibit "A"** are copies of the Corporate Profile Report and corporate organization chart for NHI.

b. Noya Cannabis Inc.

22. NCI was incorporated in Ontario on March 24, 2014. Its previous names were Radicle Remedy Inc. and Radicle Medical Marijuana Inc. NCI's registered head office is located at 19 Thoroughbred Boulevard, Ancaster, Ontario.

23. NCI is the Company's operating entity. As elaborated below, it holds the necessary grow and sales cannabis licences and operates the cannabis manufacturing and production business out of a licensed facility located at 90 Beach Road, Hamilton, Ontario. The related company, 267, holds the micro-cultivation cannabis licences described below and is integrated, as an indirect subsidiary of NHI, with the business and operations of the Company.

24. Attached as **Exhibit "B"** are copies of the Corporate Profile Reports for NCI and 267.

B. The Business

25. NCI is a licensed producer of premium cannabis products under the *Cannabis Act*, S.C. 2018, c. 16. As a licensed producer, NCI has entered into a series of contractual relationships with different cannabis brands, suppliers or distributors, including sales and distribution agreements and production, supply and revenue sharing agreements. As discussed below, the Contingent Claims are largely based on disputes arising from these contractual relationships. A central tenet of NCI's business is its commitment to producing high-quality products. In this regard, NCI's production process involves growing its plants under optimal conditions in a tightly controlled indoor environment, and then hand-drying and hand-curing the trimmings before they are used to produce various cannabis products.

26. The Company has transitioned away from a retail brand business to a wholesale business-to-business service or product provider. NCI services a limited number of key, large, customers.

27. The business operates out of a leased, state-of-the-art cannabis production facility located in Hamilton, Ontario.

C. Place of Business and Facilities

a. Office Space

28. NCI has office space at the manufacturing facility below for corporate functions (the “**Corporate Office**”). The Corporate Office functions primarily as a workspace for the Company's accounting professionals and executives, including the Company's Chief Executive Officer.

b. Manufacturing Facility – 90 Beach Road, Hamilton

29. NCI operates its cannabis production business out of an approximate 40,000 square-foot agricultural facility at the property municipally known as 90 Beach Road, Hamilton, Ontario (the “**Hamilton Facility**”).

30. 2138825 Ontario Inc. (the “**Owner**”), a non-related third party, is the registered owner of the Hamilton Facility. The Owner granted Chokey Real Estate Limited (the “**Landlord**”) authority as the Owner's agent to, among other things, enter into leasing arrangements on behalf of the Owner with respect to the Hamilton Facility. On or about June 1, 2018, NCI or its predecessor entered into a lease with the Landlord, in respect of the Hamilton Facility. Attached as **Exhibit “C”** is a copy of the said lease agreement with the Landlord.

31. The Hamilton Facility was a shell building at the time that it was leased. Since then, NCI and/or NHI have invested approximately \$8.8 million in order to effect leasehold improvements and \$4.3 million for machinery and equipment; obtain and install the required manufacturing and

production equipment and machinery; and to otherwise retrofit the facility to satisfy federal cannabis laws and regulations including the Good Production Practices (GPP) of the *Cannabis Regulations* and in accordance with certain certifications or requirements for international sales.

32. The Hamilton Facility is equipped with the highest level of security and production operations. NCI has made every effort to ensure that its manufacturing standards, production practices, and products are of a consistently high quality.

33. Cannabis production operations at the Hamilton Facility commenced in 2018 and have continued uninterrupted since that time.

D. Cannabis Licences

a. Canadian Cannabis Licences

34. NCI and 267 obtained their respective licensing from Health Canada on or about 2017 (micro-cultivation) (the “**267 Cannabis Licence**”) and 2018 (grow and sales) (the “**NCI Cannabis Licence**”) (collectively, the “**Cannabis Licences**”). As noted above, 267 is indirectly owned by NHI. That is, NHI has 100% ownership of 2672204 Ontario Limited, which in turn has 76% ownership of 267. 267 is not an applicant in these CCAA proceedings, but the Applicants are seeking to extend the stay of proceedings to this Non-Applicant Stay Party, owing to the interrelated operation of the business and the Cannabis Licences.

35. The NCI Cannabis Licence expires on December 21, 2028, and the 267 Cannabis Licence is valid until August 21, 2025.

36. The Cannabis Licences permit the following activities:

- (a) possess cannabis;

- (b) grow or produce cannabis;
- (c) sell cannabis in accordance with the Cannabis Regulations; and
- (d) sell cannabis products in accordance with the Cannabis Regulations.

37. As noted, the Cannabis Licences are currently valid and will be renewed prior to their expiry, if necessary. Attached hereto as **Exhibit "D"** are copies of the Cannabis Licences.

b. Excise Cannabis Licences

38. NCI and 267 obtained their respective excise cannabis licences under the *Excise Act, 2001* (Canada) (respectively, the "**NCI Excise Cannabis Licence**" and the "**267 Excise Cannabis Licence**") (collectively, the "**Excise Cannabis Licences**").

39. The Excise Cannabis Licences have been renewed since they were first issued. Currently, the NCI Excise Cannabis Licence will expire April 19, 2025, and the 267 Excise Cannabis Licence will expire August 21, 2025. Attached hereto as **Exhibit "E"** are copies of the Excise Cannabis Licences.

E. Employees

40. The Company currently employs 18 employees, 18 with NCI (none of which are temporary workers) and zero with NHI.

41. The majority of NCI employees work on cannabis production lines at the Hamilton Facility, with others providing the necessary support for production. Their job titles broadly describe their responsibilities and include:

- Technicians (Post-processing, Pre-processing, Processing, Processing Systems, Quality Assurance, and Quality);
- Machine Operators;
- Specialists (Finished Goods, Vault, Material, Payroll and Benefits, Quality Assurance, and Compliance);
- Leads (Production, Post-processing, Packaging, Pre-processing, Quality, and Sanitation);
- Coordinators (Facilities, and Health & Safety);
- Managers (Procurement and Planning, Production, Projects, Quality Operations, Security, Client Service, Supply Chain, Facilities and Maintenance, Automation, and Human Resources).

42. The employees are paid bi-weekly in arrears. All payments to employees are current based on the payroll schedule. I am employed by the Company as a contract employee.

43. The Company does not have any employees that are unionized or otherwise party to a collective agreement in connection with their employment with the Company.

44. The Company does not sponsor, administer or otherwise have any registered or unregistered pension plans for its employees. The Company provides a standard group benefit plan to its employees that covers extended health care, dental care, life insurance, and accidental death and dismemberment insurance.

F. Key Customers

45. As noted above, the Company has transitioned to wholesale business-to-business sales. It has a limited number of key, large customers. At present, NCI's client relationships include one of the top 10 licensed processors in the Canadian cannabis market based on retail sales volume.

46. The largest relationships are contractually governed with different cannabis brands, suppliers or distributors, including sales and distribution agreements and production, supply and revenue sharing agreements. As discussed below, some of these agreements or contracts have given rise to dispute or litigation in relation to the Contingent Claims.

47. NCI has experienced fluctuations, including drops, in orders over the past year due to well-known market and industry issues with which cannabis companies have struggled throughout Canada. NCI's revenues have also been impacted negatively by CCAA filings by one or more of its customers.

IV. FINANCIAL CIRCUMSTANCES AND CASH FLOW

48. The Company has a fiscal year-end of December 31. Attached as **Exhibit "F"** are the Company's audited and/or unaudited consolidated financial statements and/or interim statements as at 2022, 2023 and 2024 (the "**Financial Statements**").

A. Assets

49. According to some of the Financial Statements, as at September 30, 2024, the assets of the Company were approximately valued as follows:

	30-Sep-24 (unaudited)
Current Assets	
Cash	\$0.6M
Other Receivables and Prepaid Expenses	\$0.7M
Accounts Receivable	\$1.1M
Biological Assets	\$0.2M
Inventory	\$1.1M
Total Current Assets	\$3.7M
Non Current Assets	
Property and Equipment (Net)	\$5.2M
Other Non Current Assets	\$1.3M
Total Non Current Assets	\$6.5M
Total Assets	\$10.2M

B. Liabilities

50. According to some of the Financial Statements, as at September 30, 2024, the liabilities of the Company were approximately valued as follows:

	30-Sep-24 (unaudited)
Current Liabilities	
Accounts Payable and Accrued Liabilities	\$3.0M
Other Current Liabilities	\$7.6M

Total Current Liabilities	\$10.6M
Non Current Liabilities	
Loans and Borrowings	\$5.0M
Other Non Current Liabilities	\$6.2M
Total Non Current Liabilities	\$11.2M
Total Liabilities	\$21.8M

C. Profit and Loss

51. According to the Financial Statements, as at September 30, 2024, NCI and NHI have lost approximately \$2.9 million year-to-date.

D. Cash Flow Forecast

52. The Company, with the assistance of the proposed Monitor has prepared a projected cash flow forecast (the “**Cash Flow Forecast**”). Attached as **Exhibit “G”** is a copy of the Cash Flow Forecast.

53. Pursuant to the Cash Flow Forecast, the Applicants will generally have sufficient liquidity to sustain operations for the week ending the Stay Period, including payroll, but not for the Extended Stay Period without DIP financing.

V. CREDITORS OF THE COMPANY

A. Secured Creditors

a. Lending Stream

54. Lending Stream is the Company's senior secured creditor.

55. On or about December 20, 2023, Lending Stream purchased from RIV Capital Corporation (formerly, Canopy Rivers Corporation) (the “**Vendor**”) various common shares, debt and security in relation to the Company (the “**Purchase Agreement**”). Attached as **Exhibit “H”** is a copy of the Purchase Agreement and the related Assignment and Assumption Agreement dated December 20, 2023 (the “**Assignment**”).

56. Under the Purchase Agreement and Assignment, Lending Stream acquired certain purchased assets (the “**Purchased Assets**”) from the Vendor, including, the Convertible Debenture, Debenture Debt, Debenture Security, Royalty Agreement, Royalty Interest and Royalty Security (these terms are defined in the Purchase Agreement and below). In defining these terms below, the reference to NHI and NCI may mean their predecessor company.

57. The Purchased Assets acquired by or assigned to Lending Stream under the Purchase Agreement and Assignment included a convertible debenture dated January 2, 2020 issued by NHI to the Vendor in the principal amount of \$1 million due January 2, 2023, as amended (the “**Convertible Debenture**”) and NHI's debt and liability under the Convertible Debenture (the “**Debenture Debt**”). Attached as **Exhibit “I”** is a copy of the Convertible Debenture.

58. The Purchased Assets acquired by Lending Stream also included a royalty agreement dated August 4, 2017 between NCI and the Vendor (the “**Royalty Agreement**”) and NCI's obligations and liabilities under the Royalty Agreement (the “**Royalty Interest**”). Attached as **Exhibit “J”** is a copy of the Royalty Agreement.

59. As security for the payment of the Debenture Debt and/or Royalty Interest, the Company provided certain guarantees and security in favour of the Vendor, including the following: (i) an Amended and Restated Guarantee Agreement by NHI dated January 2, 2020; (ii) an Amended

and Restated General Security and Pledge Agreement by NHI dated January 2, 2020; (iii) an Amended and Restated Guarantee Agreement by NCI dated January 2, 2020; and (iv) an Amended and Restated General Security and Pledge Agreement by NCI dated January 2, 2020. Under the Purchase Agreement, Lending Stream purchased or was assigned, among other things, these security and guarantee instruments (collectively, the “**Lending Stream Security**”). Attached as **Exhibit “K”** are copies of the Lending Stream Security.

60. Pursuant to the Purchase Agreement, Lending Stream also agreed that its purchase of the Debenture Debt, Convertible Debenture and the applicable Lending Stream Security regarding the Debenture Debt (the “**Debenture Security**”) would be subject to a pari passu agreement dated January 2, 2020 with TerrAscend (generally, then Wolverine Partners Corp., amended to Gage Growth Corp., and Gage Growth Corp. subsequently being acquired by TerrAscend Corp.) (the “**Pari Passu Agreement**”). Attached as **Exhibit “L”** is a copy of the Pari Passu Agreement.

61. Pursuant to the Purchase Agreement, Lending Stream also agreed that its purchase of the Royalty Interest, Royalty Agreement and the applicable Lending Stream Security regarding the Royalty Interest would be subject to a subordination and postponement agreement dated January 2, 2020 from TerrAscend (generally, then Wolverine Partners Corp., amended to Gage Growth Corp., and Gage Growth Corp. subsequently being acquired by TerrAscend Corp.) as a subordinate creditor (the “**Subordination and Postponement Agreement**”). Attached as **Exhibit “M”** is a copy of the Subordination and Postponement Agreement.

62. On or about September 23, 2024, Lending Stream made formal written demand for payment to NHI and NCI and issued to each of them a Notice of Intention to Enforce Security (“**NITES**”) under the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3. Attached hereto as **Exhibit “N”** is a copy of Lending Stream's formal demand letter and each NITES.

63. As of August 31, 2024, NHI was indebted to Lending Stream pursuant to the Convertible Debenture as amended or acknowledged in the approximate amount of \$1,850,000.00; and NCI was indebted to Lending Stream pursuant to the Royalty Agreement in the approximate amount of \$3,360,000.00 (the “**Lending Stream Debt**”).

b. TerrAscend

64. As noted above, TerrAscend or a predecessor or related company appears to be a secured creditor of the Company. The references to NHI and NCI in this section include the predecessor companies. On November 22, 2019, NHI issued a Secured Grid Convertible Debenture to Wolverine Partners Corp. (“**Wolverine**”) in the principal amount of \$500,000 due November 22, 2022 (the “**Secured Grid Convertible Debenture**”). An additional \$500,000 was made available on or about June 9, 2021. As additional security for the debt under the Secured Grid Convertible Debenture, Wolverine was also provided, among other things, a limited guarantee dated December 19, 2019 (the “**Limited Guarantee**”) and a general security agreement dated December 19, 2019 (the “**GSA**”) each from NCI. Attached hereto as **Exhibit “O”** are copies of the Secured Grid Convertible Debenture, Limited Guarantee and GSA.

65. I am advised by Company's counsel that pursuant to articles of amendment Wolverine became or its name changed to Gage Growth Corp. (“**Gage**”) in 2020. Also, as per the attached exhibit, **Exhibit “P”**, namely the news release of Gage dated March 10, 2022, TerrAscend Corp. acquired all of the issued and outstanding subordinate voting shares of Gage.

66. As noted above, there are intercreditor agreements, namely the Pari Passu Agreement and the Subordination and Postponement Agreement, that govern the relationship of Lending Stream and TerrAscend or Gage regarding the Company.

67. As of September 30, 2024, NHI was indebted to TerrAscend or Gage under the Secured Grid Convertible Debenture in the approximate amount of \$1.3 million (the “**TerrAscend Debt**”).

c. 1955185 Ontario Inc., amended or amalgamated to 1000593616 Ontario Inc.

68. 195 provided two loans to NHI under two sets of loan and security documents. The reference in this section to NHI includes its predecessor company, and to 195 includes its successor, amalgamated or amended company. Under the first loan in the principal amount of \$1 million, NHI entered into a loan agreement for that amount with 195 dated February 27, 2019 supported by a promissory note in favour of 195 from NHI in that amount dated February 27, 2019 (due February 27, 2020) and a general security agreement dated February 27, 2019 in favour of 195 from NHI (the “**First Loan and Security**”). Under the second loan in the principal amount of \$1 million, NHI provided a promissory note in favour of 195 in that amount dated March 26, 2019 (due March 26, 2020) and a general security agreement dated March 26, 2019 in favour of 195 from NHI (the “**Second Loan and Security**”). Attached hereto as **Exhibit “Q”** are copies of the First Loan and Security and the Second Loan and Security.

69. Under an extension agreement between NHI and 195 dated January 24 or 29, 2020 (the “**Extension Agreement**”), the parties agreed, among other things, to extend the due dates of the First Loan and Security to February 27, 2025 and the Second Loan and Security to March 26, 2025. Attached hereto as **Exhibit “R”** is a copy of the Extension Agreement.

70. As of September 30, 2024, 195 had loaned the approximate amount of \$3.8 million to NHI pursuant to the First Loan and Security and the Second Loan and Security (the “**195 Debt**”).

71. The sequence, timing or order of the above loans or debt in relation to the Company is as follows: (1) the Lending Stream Debt generally arose in 2017; (2) the 195 Debt generally arose in February, 2019; and (3) the TerrAscend Debt generally arose in November, 2019.

B. PPSA Registrations

72. The secured creditors described above, namely Lending Stream, TerrAscend or Gage and 195, including their predecessor, successor or assignor, if applicable, have registered security interests against NHI and/or NCI, including their predecessor, under the Ontario *Personal Property Security Act* (“PPSA”). The only other PPSA registrant appears to be against the predecessor company of NCI, Radicle Medical Marijuana Inc., by Alterna Savings and Credit Union Limited on May 11, 2023 in the amount of \$34,500 regarding a secured corporate Visa.

73. Attached hereto and marked as **Exhibit “S”** are true copies of the Personal Property Registry search results for each of the Applicants (and their predecessors) in Ontario (the “**PPSA Searches**”).

C. Equity Interests and Share Capital Contributions

74. NHI currently has 69,398,076 issued and outstanding common shares and NCI has 44,200,000 issued and outstanding common shares. The only shareholder of NCI is NHI.

75. NHI is owned primarily by me and my brother, Youssef Reda, through a numbered holding company.

D. Other Creditors

a. Source Deductions, Excise Duty, HST

76. As of the date of this affidavit, the Company is up to date with payments to Canada Revenue Agency (“CRA”) in respect of Employment Insurance and Canada Pension Plan deductions.

77. Further, as of October 2, 2024, the Company owes CRA approximately \$346,000 for excise tax remittances and/or HST remittances.

b. Trade Creditors

78. The Company incurs obligations in the ordinary course of business to various trade creditors. As at September 30, 2024, the largest trade creditor is Pure Sunfarms Corp. (described below).

c. Judgment Creditors and Litigation Claims

79. There are certain Contingent Claims against the Applicants. As a licensed producer, NCI entered into a series of contractual relationships with different cannabis brands, suppliers or distributors, including sales and distribution agreements and production, supply and revenue sharing agreements. Some of these contracting parties owned certain unique intellectual property related to cannabis products and brands, and NCI entered into these agreements as an opportunity to produce the branded products in Canada. As discussed below, the Contingent Claims are largely based on disputes arising from these contractual relationships.

VI. CHALLENGES AND LIQUIDITY ISSUES FACED BY APPLICANTS

A. Cannabis Market in Canada

80. The Canadian cannabis industry is an extremely challenging one from an operational and revenue perspective. The industry is significantly regulated, highly taxed, and subject to an ever-changing landscape of legislation and delays at all levels of government.

81. The Company has faced pressures similar to many cannabis industry participants due to the over-supply in the market for cannabis products, the impact of the illegal market on the demand for legal cannabis products, inflation, and high interest rates.

B. Withdrawal of Orders and Steep Decline in Demand

82. As a result of the challenges to the cannabis industry, and in particular the over-supply of cannabis products, the Company has seen a number of customers withdraw, reduce or discontinue their orders. Also, as noted above, some of these customers have filed under the CCAA, and this too has had a negative impact on the Company's revenues.

C. Litigation and Creditor Enforcement Activities

83. As I described above and further describe below, the Company is facing certain creditor enforcement activities and Contingent Claims.

a. Lending Stream

84. As noted above, on or about September 23, 2024, Lending Stream made formal written demand for payment to NHI in the approximate amount of \$1,850,000.00 and NCI in the approximate amount of \$3,360,000.00, and issued to each of them a NITES.

b. Pure Sunfarms Corp.

85. Pursuant to a Statement of Claim dated September 9, 2024, Pure Sunfarms Corp. (“**Pure**”) commenced an arbitration claim in British Columbia (the “**Pure Claim**”) against NCI pursuant to a Production, Supply and Revenue Sharing Agreement dated January 29, 2021 (the “**Pure Agreement**”). In the Pure Claim, Pure is seeking, among other things, a monetary award of damages in the approximate amount of \$2.8 million against NCI for unsold inventory under the Pure Agreement. NCI disputes the Pure Claim and has responded with a Statement of Defence and Counterclaim dated September 23, 2024 (“**NCI's Defence and Counterclaim to the Pure Claim**”). There are looming deadlines in these arbitration proceedings. For example, pursuant to Procedural Order No. 1 – Procedural Timetable dated October 8, 2024 (the “**Procedural Timetable**”), the arbitrator set out in Schedule “A” some of the following upcoming deadlines in relation to NCI in these arbitration proceedings: (i) November 5, 2024: both parties complete outstanding document production; (ii) November 22, 2024: NCI provide its Respondent's Memorial containing a statement of fact, law and argument in support of its response, together with exhibits, legal authorities, witness statements and expert reports (if any); (iii) November 29, 2024: both parties provide notice of witnesses required to attend hearing for cross-examination; and (iv) Week of December 16-20, 2024: Hearing (5 days reserved) [in Vancouver, B.C.]. Attached hereto and marked as **Exhibit “T”** are true copies of the Pure Claim, NCI's Defence and Counterclaim to the Pure Claim and the Procedural Timetable.

c. Ignite International Brands (Canada) Ltd.

86. Pursuant to a Statement of Claim dated December 2, 2021, as amended, Ignite International Brands (Canada) Ltd. (“**Ignite**”) commenced a claim in the Ontario Superior Court of Justice (the “**Ignite Claim**”) against NCI and NHI pursuant to a sales and distribution agreement (the “**Ignite Agreement**”). Under the Ignite Claim, Ignite is seeking various relief

based on several grounds, including monetary damages in excess of or approximately \$2 million against NCI and NHI for allegedly breaching the Ignite Agreement. NCI disputes the Ignite Claim and has responded with a Statement of Defence and Counterclaim dated February 28, 2022, as amended (“**NCI's Defence and Counterclaim to the Ignite Claim**”). Ignite provided a Reply and Defence to Counterclaim dated May 2, 2022 (“**Ignite's Reply**”). The Ignite Claim is scheduled, or to be scheduled, for mediation in Ontario in early 2025. Attached hereto and marked as **Exhibit “U”** are true copies of the Ignite Claim, NCI's Defence and Counterclaim to the Ignite Claim and Ignite's Reply.

d. 10805696 Canada Inc., o/a Mauve & Herbes

87. Pursuant to a Notice of Arbitration dated September 23, 2024 (the “**Notice of Arbitration**”), from 10805696 Canada Inc. o/a Mauve & Herbes (“**Herbes**”), provided to NCI under a Production, Supply and Revenue Sharing Agreement dated January 11, 2022 (the “**Herbes Agreement**”), Herbes gave notice of its intention to refer, among other things, its claim for arbitration (the “**Herbes Claim**”). In the Herbes Claim, Herbes is seeking various relief based on several grounds, including a payment of approximately \$360,000 plus additional funds from NCI for allegedly breaching the Herbes Agreement. NCI has not yet formally responded to the Notice of Arbitration. Attached hereto and marked as **Exhibit “V”** is a true copy of the Notice of Arbitration.

88. The Pure Claim, Ignite Claim and Herbes Claim, or Contingent Claims, are unsecured claims. They are at different stages of litigation, arbitration or mediation. The Company has had to, or will have to, expend considerable time, money and resources defending the Contingent Claims. Each proceeding also has, or will have, looming deadlines, in which the Company will have to expend more time, money and resources to meet those deadlines. Having to defend or

further defend the Contingent Claims, including having to meet looming deadlines in the respective proceeding, at this time would not only be a drain on limited resources but also distract from, our full-time commitment to the successful advancement of the Applicants' current restructuring efforts. One of the benefits of the Stay Period is to provide this “breathing space” from the Contingent Claims.

VII. STRATEGIC INITIATIVES

A. Recent Efforts to Improve Operations and Financial Position

89. The Company has made several strategic business decisions for the purpose of improving its financial situation. Among other things, the Company effected a reduction in the number of employees employed at the Hamilton Facility and increased the efficiency of full-time production staff.

B. Engagement of Consultants

90. The Company has also retained consultants. The purpose of this retention was for the consultant to assist the Company in identifying potential opportunities to add value to the organization and turn it around, including assisting the Company in securing potential equity investment or selling the business.

C. Efforts to Sell or Merge

91. Efforts to sell or merge the Company led to the retention of Kronos Partners in December 2022 and David Hyde in the summer of 2023, to assist the Company with developing a strategy towards a merger or sale of the Company. This did not result in the merger or sale of the Company at that time.

D. Cash Conservation Efforts

92. The Company has made determined cost-rationalization efforts to try to improve its financial situation. These efforts have included, among other things, a reduction in staff at the Hamilton Facility, renegotiating supply agreements, and attempting to reduce professional costs in relation to the Contingent Claims.

VIII. CCAA PROCEEDINGS AND RELIEF SOUGHT

A. Need for CCAA Proceeding

93. Without CCAA protection, the Applicants will be unable to operate in the ordinary course, to the detriment of their stakeholders. At this time, the Applicants are in need of urgent relief under the CCAA because a payment demand has been made by one of the Company's secured creditors, Lending Stream; there are pressing, approaching or anticipated deadlines regarding some of the above litigation or arbitration proceedings regarding the Contingent Claims; and there is the risk of a looming cash shortage to sustain business operations in the near future (hence the need for DIP financing at the Comeback Hearing).

94. In consultation with their advisors, the Applicants have determined that the CCAA process is the most beneficial plan of action to maximize value for the Company's stakeholders.

B. Appointment of Monitor

95. The Applicants seek the appointment of BDO Canada Limited ("**BDO**") as Monitor of the Applicants in these CCAA proceedings. BDO has reviewed, and assisted in the preparation of, the Cash Flow Forecast and has provided guidance and assistance in the commencement of these CCAA proceedings.

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

97. BDO has consented to act as the Monitor, subject to Court approval. Attached hereto and marked as **Exhibit "W"** is a true copy of the Monitor's consent.

C. Administration Charge

98. The Applicants seek a super-priority charge over the Applicants' Property (as defined in the Initial Order) in favour of the Monitor, counsel to the Monitor and counsel to the Applicants (the "**Professionals Group**"), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order.

99. The proposed Administration Charge being sought is for a maximum amount of \$200,000.

100. It is contemplated that the Professionals Group will have extensive involvement during the CCAA proceedings. The Professionals Group have contributed and will continue to contribute to the Applicants' restructuring efforts, and will ensure that there is no unnecessary duplication of roles among them.

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

102. Accordingly, I believe the quantum of the Administration Charge sought is reasonably necessary at this time to secure the professional fees of the Professionals Group. The proposed Monitor is also supportive of the granting and quantum of the Administration Charge.

D. Director's Charge

103. The Applicants seek a charge on the Applicants' Property in favour of the Applicants' current officers and directors in priority to all other charges other than the Administration Charge, up to a maximum amount of \$100,000.

104. To ensure the ongoing stability of the Company's business during the CCAA proceeding, it requires the continued participation of its officers and directors. The officers and directors have skills, knowledge and expertise, as well as established relationships with various stakeholders that will contribute to a successful restructuring. As a practical but critical matter, Health Canada requires at least one director of a licensed cannabis company to be in place in order to maintain its licence.

105. Currently, there is a D & O insurance policy in place regarding the Company's directors and officers (the "**D & O Insurance Policy**"). The policy period is from August 23, 2024 to August 23, 2025. The limit of the D&O Insurance Policy is \$1 million per claim per policy period. Attached hereto and marked as **Exhibit "X"** is a copy of the confirmation letter dated August 22, 2024 regarding the D & O Insurance Policy.

106. The Company's ordinary course operations during the Stay Period and CCAA proceedings will give rise to potential director or officer liability, including for employee source deductions and sales tax. Given the limited coverage under the D & O Insurance Policy, any possible exclusions or exemptions to coverage under the policy and to address the legitimate

concerns expressed with respect to their potential exposure if they continue to act (rather than resign), the directors and officers have requested reasonable protection against personal liability that might arise during the post-filing period. The Director's Charge is intended to address potential claims that may be brought against directors and officers.

107. The quantum of the Director's Charge was developed with the assistance and support of the Proposed Monitor based on analysis of risk to the directors in the initial Stay Period.

E. Stay of Proceedings

108. Given the challenges faced by the Applicants described herein, the Company requires a stay of proceedings to maintain the status quo and to give the Applicants the breathing space they require to develop a restructuring plan in consultation with their advisors and the Monitor.

109. The Applicants are also seeking to extend the stay of proceedings to the Non-Applicant Stay Party or 267 because it holds the 267 Cannabis Licence (micro-cultivation) and 267 Excise Cannabis Licence, it is integrated with the business and/or operations of the Company and the 267 Cannabis Licence and 267 Excise Cannabis Licence will likely be a part of or impacted by the anticipated sale process. The extension of the stay of proceedings to this Non-Applicant Stay Party is intended to prevent any regulatory actions related to the 267 Cannabis Licence and 267 Excise Cannabis Licence, including the suspension or cancellation of the licences, due to the commencement of this CCAA proceeding by its ultimate parent (NHI) and NCI. To the best of my knowledge, 267 has no or few creditors and I am advised by counsel for the Company that a recent PPSA search on or about October 23, 2024 against 267 reveals no PPSA registrants.

110. The proposed Initial Order contemplates a Stay Period of 10 days, which I understand is the maximum that can be authorized by a court at the initial application under the CCAA.

F. Relief to be Sought at Comeback Hearing

111. If the Initial Order is granted, then the Applicants propose to return to this Court for a Comeback Hearing on November 15, 2024.

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

(i) Extension of Stay of Proceedings

113. The Applicants intend to seek an extension of the Stay Period for a sufficient length of time to allow the Applicants to conduct a sales and investment solicitation process.

(ii) Critical Suppliers

114. The Applicants rely on certain service providers in their day-to-day operations. To preserve their business and maintain critical relationships, the Applicants intend to seek the Court's approval to pay certain pre-filing expenses or to honour certain cheques issued to providers of goods and services prior to the date of filing that the Applicants, with the consent of the Monitor, believe are necessary to facilitate the Applicants' ongoing operations and preserve value during these proceedings.

(iii) Sales and Investment Solicitation Process (with Stalking Horse)

115. The Applicants and Lending Stream are in the process of negotiating a purchase agreement (the "**Purchase Agreement**") pursuant to which Lending Stream (or its nominee)

intends to (i) acquire 100% ownership of NCI within the CCAA proceedings by way of a reverse approval and vesting order; and (ii) act as a stalking horse bidder in a court-supervised sale and investment solicitation process within the CCAA proceedings.

116. The Purchase Agreement will serve as a stalking horse bid in the anticipated sale process, setting a baseline for any bids received to be measured against. In the meantime, it will also signal to the Applicants' customers, employees and other stakeholders that business will continue as a going concern after these CCAA proceedings. Due to the nature of this business (being the timely fulfilment of significant orders from industry leading customers, suppliers or distributors) it is critical to the preservation of stakeholder value that going concern operations be preserved.

117. Approval of the Purchase Agreement, as well as a stalking horse sales process and related bidding procedures, will be sought at the Comeback Hearing.

(iv) Increase Amount of Priority Charges

118. The Applicants intend to seek to increase the quantum of the Administration Charge to \$350,000 and the Director's Charge to \$200,000, reflecting the additional work to be undertaken during the CCAA proceedings and the exposure of the directors and officers on a monthly basis.

(v) DIP Loan and DIP Lender's Charge

119. The Applicants intend to ask the Court's approval of a DIP loan in the approximate amount of \$400,000 from Lending Stream (or its nominee) as DIP lender, and a DIP charge in that amount in favour of the DIP lender. The Applicants are concerned that the Company may run out of money or run the risk of being short cash during the Extended Stay Period without the availability of the DIP loan. In particular, given the Company's reliance on a few, key customers


or accounts receivables, any delay or problem in collections could easily tip the Company into a liquidity crisis or “cash crunch”.

IX. FORM OF ORDER AND CONCLUSION

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

121. This affidavit is sworn in support of the Applicants' application for protection pursuant to the CCAA and for no other purpose.

SWORN by Ziad Reda of the Town of Ancaster, in the Province of Ontario before me at the City of Mississauga, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits
(or as may be)



ZIAD REDA

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

This is Exhibit "A" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

Ministry of Public and
Business Service Delivery

Profile Report

NOYA HOLDINGS INC. as of September 27, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	NOYA HOLDINGS INC.
Ontario Corporation Number (OCN)	2585921
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	July 05, 2017
Registered or Head Office Address	77 King Street W Suite 3000, Td Centre N Tower Po Box 95, Toronto, Ontario, M5K 1G8, Canada

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name RANA HARB
Address for Service 90 Beach Road, Hamilton, Ontario, L8P 2J7, Canada
Resident Canadian Yes
Date Began July 31, 2019

Name ZIAD REDA
Address for Service 19 Thoroughbred Boulevard, Ancaster, Ontario, L9K 1L2,
Canada
Resident Canadian Yes
Date Began July 18, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)**Name**

ZIAD REDA

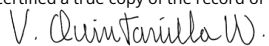
Position

President

Address for Service19 Thoroughbred Boulevard, Ancaster, Ontario, L9K 1L2,
Canada**Date Began**

January 08, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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Corporate Name History**Name**

NOYA HOLDINGS INC.

Effective Date

March 25, 2021

Previous Name

RADICLE CANNABIS HOLDINGS INC.

Effective Date

July 05, 2017

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	September 27, 2021
CIA - Notice of Change PAF: RAMI REDA - DIRECTOR	September 27, 2021
BCA - Articles of Amendment	March 25, 2021
Annual Return - 2019 PAF: ZIAD REDA - DIRECTOR	December 20, 2020
Annual Return - 2018 PAF: ZIAD REDA - DIRECTOR	October 13, 2019
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	August 07, 2019
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	January 17, 2019
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	January 07, 2019
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	November 23, 2018
Annual Return - 2017 PAF: ZIAD REDA - DIRECTOR	April 01, 2018
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	January 09, 2018
CIA - Initial Return PAF: JORDAN R. SCHWARTZ - OTHER	September 01, 2017
BCA - Articles of Incorporation	July 05, 2017

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is

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V. Quintanilla W.

Director/Registrar

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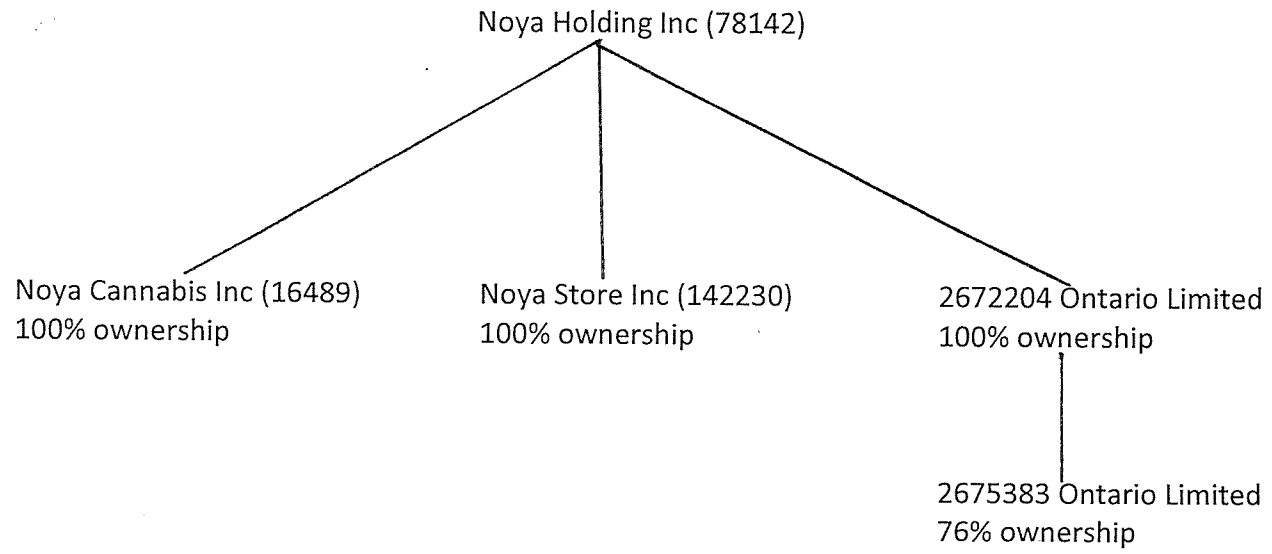
not shown against a document, the information has not been recorded in the Ontario Business Registry.

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Director/Registrar

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This is Exhibit “B” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

Ministry of Public and
Business Service Delivery

Profile Report

NOYA CANNABIS INC. as of September 27, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	NOYA CANNABIS INC.
Ontario Corporation Number (OCN)	1906455
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	March 24, 2014
Registered or Head Office Address	19 Thoroughbred Boulevard, Ancaster, Ontario, L9K 1L2, Canada

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name ZIAD REDA
Address for Service 72 Citation Crescent, Ancaster, Ontario, L9K 1H8, Canada
Resident Canadian Yes
Date Began January 08, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name	ZIAD REDA
Position	President
Address for Service	72 Citation Crescent, Ancaster, Ontario, L9K 1H8, Canada
Date Began	January 08, 2018

Name	ZIAD REDA
Position	Secretary
Address for Service	72 Citation Crescent, Ancaster, Ontario, L9K 1H8, Canada
Date Began	August 31, 2021

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V. Quintanilla W.

Director/Registrar

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Corporate Name History**Name**

NOYA CANNABIS INC.

Effective Date

March 25, 2021

Previous Name

RADICLE MEDICAL MARIJUANA INC.

Effective Date

April 03, 2014

Previous Name

RADICLE REMEDY INC.

Effective Date

March 24, 2014

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

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Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: Ziad REDA	November 11, 2022
BCA - Articles of Amendment	March 25, 2021
Annual Return - 2018 PAF: ZIAD REDA - DIRECTOR	January 03, 2021
Annual Return - 2019 PAF: ZIAD REDA - DIRECTOR	January 03, 2021
Annual Return - 2018 PAF: ZIAD REDA - DIRECTOR	October 13, 2019
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	January 17, 2019
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	November 23, 2018
Annual Return - 2017 PAF: ZIAD REDA - DIRECTOR	April 15, 2018
CIA - Notice of Change PAF: RICK MOSCONE - OTHER	January 09, 2018
Annual Return - 2016 PAF: RAMI REDA - DIRECTOR	November 19, 2017
Annual Return - 2015 PAF: RAMI REDA - DIRECTOR	November 19, 2017
Annual Return - 2014 PAF: RAMI REDA - DIRECTOR	November 19, 2017
BCA - Articles of Amendment	July 10, 2017
CIA - Initial Return	April 11, 2014

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Director/Registrar

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PAF: RAMI REDA - DIRECTOR

BCA - Articles of Amendment

April 03, 2014

BCA - Articles of Incorporation

March 24, 2014

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Director/Registrar

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Ministry of Public and
Business Service Delivery

Profile Report

2675383 ONTARIO LIMITED as of October 22, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	2675383 ONTARIO LIMITED
Ontario Corporation Number (OCN)	2675383
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	January 11, 2019
Registered or Head Office Address	77 King Street West, Td Centre North Tower P O Box 95 3000, Toronto, Ontario, M5K 1G8, Canada

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

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Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name ZIAD REDA
Address for Service 72 Citation Crescent, Ancaster, Ontario, L9K 1H8, Canada
Resident Canadian Yes
Date Began January 11, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name ZIAD REDA
Position Chief Executive Officer
Address for Service 72 Citation Crescent, Ancaster, Ontario, L9K 1H8, Canada
Date Began January 11, 2019

Name ZIAD REDA
Position President
Address for Service 72 Citation Crescent, Ancaster, Ontario, L9K 1H8, Canada
Date Began January 11, 2019

Name RAKESHKUMAR UPADHYAYA
Position Secretary
Address for Service 2 Belladonna Circle, Brampton, Ontario, L6P 4B9, Canada
Date Began January 11, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Name

2675383 ONTARIO LIMITED

Effective Date

January 11, 2019

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V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

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V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
CIA - Initial Return PAF: RICK MOSCONE - OTHER	May 21, 2019
BCA - Articles of Incorporation	January 11, 2019

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

This is Exhibit "C" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

LEASE AGREEMENT

THIS LEASE made as of the 1st day of June, 2018.

BETWEEN:

CHOKEY REAL ESTATE LIMITED
a corporation incorporated
under the laws of the Province of Ontario,

(hereinafter referred to as the "**Landlord**")

OF THE FIRST PART

-and-

RADICLE MEDICAL MARIJUANA INC.
a corporation incorporated
under the laws of the Province of Ontario,

(hereinafter referred to as the "**Tenant**")

OF THE SECOND PART

WHEREAS

- A. The parties acknowledge that 2138825 Ontario Inc. (the "**Owner**") is the registered owner of the lands and premises known as 40 Beach Road, 70 Beach Road and 90 Beach Road, in the City of Hamilton, Ontario (collectively, the "**Property**");
- B. the Owner has granted the Landlord authority as the Owner's agent, to enter into leasing arrangements on behalf of the Owner with respect to the Property and the Landlord has the authority to bind the Owner;
- C. the Landlord and the Tenant entered into a lease dated November 1, 2016 for 90 Beach Road as amended by an amending agreement (the "**Amending Agreement**") made as of July 28, 2017 (collectively, the "**90 Beach Road Lease**"), which remains in full force and effect;
- D. the Landlord and the Tenant entered into an agreement to lease dated February 28, 2017 as amended by the Amending Agreement (collectively, the "**Agreement to Lease**") in relation to 40 Beach Road (the "**Leased Premises**"); and
- E. the Landlord and the Tenant are desirous of entering into the within Lease for the Leased Premises on substantially the same terms and conditions as the 90 Beach Road Lease, as more particularly set out herein;

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NOW THEREFORE in consideration of sum of Two Dollars (\$2.00) and the rent reserved herein and the covenants and agreements of the parties as hereinafter set out, the Landlord and Tenant agree as follows:

1. DEFINITIONS

1.1 In this Lease the following defined terms have the meanings indicated:

- (a) **"ACMPR"** means the Access to Cannabis For Medical Purposes Regulations, formerly known as the Medical Marijuana Purposes Regulations (MMPR) and successor and future legislation;
- (b) **"Activities"** includes, but is not limited to, production, sale or provision, shipping, transportation, delivery, and destruction of dried marijuana, plants, seeds, oils, fresh marijuana and any other derivatives that are regulated by the applicable authorities from time to time.
- (c) **"Additional Rent"** means all amounts (other than Minimum Rent) that shall become due and payable hereunder by the Tenant to the Landlord as contemplated by Section 3.2; in the event of non-payment, the Landlord shall have all the rights and remedies herein provided in the case of nonpayment of Minimum Rent;
- (d) intentionally deleted
- (e) **"Improvements"** means buildings, structures and other fixed improvements (including Leasehold Improvements);
- (f) intentionally deleted;
- (g) **"Landlord"** means Chokey Real Estate Limited, the authorized agent of the Owner, which has the authority to bind the Owner;
- (h) **"Lease"** means this lease, including any schedules attached hereto, and any amendments to such lease from time to time;
- (i) **"Leased Premises"** means the building and the portion of the property legally described in PIN 17218-0414 (LT) and known municipally as 40 Beach Road, Hamilton, Ontario, shown outlined in blue on Schedule "A" attached hereto. The Leased Premises consist of approximately 14,300 square feet of warehouse space. The Leased Premises include the exterior walls of the building and the roof;
- (j) **"Leasehold Improvements"** means all fixtures, improvements, installations and additions from time to time made, erected or installed in or on the Leased Premises with the exception of trade fixtures set out in Schedule "B" and

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furniture and equipment not of the nature of fixtures, but includes all partitions however fixed and light fixtures. For clarity, trade fixtures shall be limited to those items identified in Schedule "B" or which the Landlord subsequently acknowledges, in writing, as being a trade fixture;

- (k) **"lease year"** in the case of the initial year of the Term shall be the one (1) month period commencing on June 1, 2018 and ending on June 30, 2018 and thereafter each successive period of twelve (12) calendar months during the Term ending on June 30th in each year during the Term, unless sooner terminated in accordance with the terms of this Lease;
- (l) **"Minimum Rent"** means the annual rent payable pursuant to Section 3.1;
- (m) **"Owner"** means 2138825 Ontario Inc.;
- (n) **"Property"** shall mean the lands and the building located thereon known municipally as 40, 70 and 90 Beach Road, Hamilton, Ontario;
- (o) **"Proportionate Share"** means ten decimal two-five percent (10.25%) being the proportion of leasable space that the Leased Premises (i.e. 14,300 square feet) represents of the total square footage of leasable space of the building (i.e. 139,556 square feet) located on the Property;
- (p) **"Real Property Taxes"** means all property, municipal, school and local improvements taxes, assessments and rates and all taxes, assessments and rates of a like nature imposed in respect of the Property from time to time by any municipality, school or public authority, but excluding income or profits taxes upon the income of the Landlord to the extent such taxes are not levied in lieu of taxes, rates, duties, levies and assessments against the Property or upon the Landlord in respect thereof;
- (q) **"rent"** means individually and collectively (as the context requires), the Minimum Rent and Additional Rent payable pursuant to the terms of this Lease;
- (r) **"Tenant"** means Radicle Medical Marijuana Inc., its permitted successors and assigns;
- (s) **"Term"** has the meaning specified in Section 2.1 and 2.3 if the option to renew is exercised; and
- (t) **"Unavoidable Delay"** means a delay caused by fire, strike or other casualty or contingency beyond the reasonable control of a party who is, by reason thereof, delayed in the performance of such party's covenants where it is not within the reasonable control of such party to avoid such delay (but does not include any insolvency, lack of funds or other financial cause of delay).

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2. DEMISE AND TERM, OPTION TO RENEW

2.1 Demise of Leased Premises and Term

In consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be respectively paid, observed and performed, the Landlord does demise and lease the Leased Premises unto the Tenant to have and to hold for a Term of nine (9) years and one (1) month commencing on the 1st day of June, 2018 and ending on the 30th day of June, 2027 (the "Term"). The Tenant acknowledges and agrees that it has examined the Leased Premises and that it is accepting the Leased Premises on an "as is" basis.

2.2 Tenant's Option to Terminate

Notwithstanding the Term set out in section 2.1 herein, the Tenant shall have the option:

- (i) exercisable on written notice to the Landlord at least one hundred and twenty (120) days prior to the end of the second lease year of the Term, to terminate this Lease. In the event of such termination, the Lease shall end on June 30, 2019;
- (ii) exercisable on written notice to the Landlord at least sixty (60) days prior to the end of the sixth (6th) lease year of the Term, to terminate this Lease. In the event of such termination, the Lease shall end on June 30, 2023; and
- (iii) exercisable on written notice to the Landlord at least sixty (60) days prior to the end of the eighth (8th) lease year of the Term, to terminate this Lease. In the event of such termination, the Lease shall end on June 30, 2025.

In the event that the Tenant exercises its option to terminate in accordance with subsection 2.2(ii) or (iii) above, then the Tenant acknowledges and agrees that in addition to continuing to be bound by the terms and conditions of this Lease until the end of the sixth (6th) or eighth (8th) year of the Term, as the case may be, the Deposit set out in section 3.5 herein shall be forfeited to the Landlord as liquidated damages for the Tenant exercising its right of termination; provided however, the forfeiture of the Deposit shall not derogate from the Tenant's obligations herein up to the effective date of such termination, including without limitation, the Tenant's obligation to restore the Leased Premises to its condition as of the date of this Lease, reasonable wear and tear excepted in accordance with section 2.5 herein.

For greater certainty, in the event that the Tenant does not notify the Landlord of the termination of the Lease within the time periods specified above, then the Lease shall continue for the remaining balance of the Term, unless sooner terminated by the

Landlord in accordance with section 10 herein.

2.3 Option to Renew

Provided the Tenant has duly and regularly observed and performed all of the terms, agreements, provisos, conditions, and covenants required to be observed and performed by the Tenant under this Lease, and is not then in default, and has not become insolvent or bankrupt or had a receiver appointed in respect of its assets or business, the Tenant shall have the option to renew this Lease for two further terms of five (5) years each (each referred to as a "Renewal Term") provided it gives the Landlord written notice of its intention to exercise its right of renewal for the Renewal Term no later than six (6) months prior to the end of the Term or the first Renewal Term, as the case may be. Upon exercise of the option to renew, the within Lease shall remain in full force and effect on the same terms and conditions for each Renewal Term save and except for: (i) the Tenant's Option to Terminate in section 2.2 shall not apply to the Renewal Term; and (ii) the Minimum Rent to be paid, which shall be an amount to be agreed upon between the Landlord and the Tenant. If, notwithstanding reasonable efforts on the part of the Landlord and the Tenant, there has been no agreement as to the Minimum Rent for a Renewal Term prior to the end of the Term or the first Renewal Term, as the case may be, then the amount of Minimum Rent shall be determined by arbitration pursuant to the provisions of the *Arbitration Act (Ontario)*. There shall be no appeal from any such arbitration award.

In determining Minimum Rent for a Renewal Term, the arbitration tribunal shall be bound by the following provisions:

- (i) the Minimum Rent shall be determined on the basis of fair market rent for similar warehouse premises in the area of the Leased Premises; and
- (ii) the Minimum Rent shall in no event be more than one hundred and twenty-five percent (125%) of the Minimum Rent for the last year of the Term or the first Renewal Term, as the case may be.

2.4 Continuance in Possession

If the Tenant remains in possession of the Leased Premises after the expiration of the Term, without objection by the Landlord and without any written agreement otherwise providing, and unless the Tenant shall have exercised its option to renew, as above provided for, the Tenant shall be deemed to be a Tenant from month to month at two hundred percent (200%) of the Minimum Rent in effect during the last month of the Term, terminable on one month's prior written notice from either party to the other, and subject otherwise to the provisions of this Lease which shall be read with such changes as are appropriate to a monthly tenancy.

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2.5 Surrender of Leased Premises

Upon the expiration or sooner termination of this Lease, the Tenant shall vacate and surrender to the Landlord the Leased Premises in such a state of repair and cleanliness (reasonable wear and tear excepted) as shall comply with its obligations under this Lease. Except to the extent as otherwise expressly agreed by the Landlord in writing, the Tenant: (i) may at the end of the Term, if it is not in default hereunder, remove its machinery, equipment, trade fixtures and inventory; and (ii) shall at the end of the Term, remove such machinery, equipment, trade fixtures and inventory as the Landlord shall require to be removed. The Tenant shall, in the case of every removal either during or at the end of the Term, make good any damage caused to the Leased Premises and any Leasehold Improvements therein by the installation and removal without delay and in the case of removal at the end of the Term, the Tenant shall repair any damage and restore the Leased Premises to its condition as of the date of this Lease, reasonable wear and tear only excepted.

3. RENT

3.1 Minimum Rent

The fixed Minimum Rent payable by the Tenant during the Term shall be:

- (i) from June 1, 2018 to June 30, 2018, \$3,872.92 for the initial lease year, representing \$3.25 per square foot;
- (ii) from July 1, 2018 to June 30, 2020, \$46,475.00 per annum, representing \$3.25 per square foot, payable in equal monthly installments of \$3,872.92 commencing on July 1, 2018 and thereafter on the 1st day of each and every month up to and including June 1, 2020;
- (iii) from July 1, 2020 to June 30, 2022, \$50,050.00 per annum, representing \$3.50 per square foot, payable in equal monthly installments of \$4,170.83 commencing on July 1, 2020 and thereafter on the 1st day of each and every month up to and including June 1, 2022;
- (iv) from July 1, 2022 to June 30, 2024, \$53,625.00 per annum, representing \$3.75 per square foot, payable in equal monthly installments of \$4,468.75 commencing on July 1, 2022 and thereafter on the 1st day of each and every month up to and including June 1, 2024;
- (v) from July 1, 2024 to June 30, 2026, \$57,200.00 per annum, representing \$4.00 per square foot, payable in equal monthly installments of \$4,766.67 commencing on July 1, 2024 and thereafter on the 1st day of each and every month up to and including June 1, 2026; and

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- (vi) from July 1, 2026 to June 30, 2027, \$60,775.00 for the lease year, representing \$4.25 per square foot, payable in equal monthly installments of \$5,064.58 commencing on July 1, 2026 and thereafter on the 1st day of each and every month up to and including June 1, 2027,

plus Harmonized Sales Tax ("HST") and any other tax (other than income tax) imposed on the Landlord or the Tenant with respect to rent payable by the Tenant.

3.2 Additional Rent

The Tenant shall pay to the Landlord, in addition to the Minimum Rent, all Additional Rent. Additional Rent shall include, without limitation, real property taxes, insurance premiums, landscaping and general maintenance, snow removal, cost of repairs and replacements, management fees and salaries, audit fees for preparation of annual statements of Additional Rent and utilities (other than utilities billed directly to any other tenant of the Property).

The Tenant shall pay a minimum of \$1.50 per square foot or \$21,450.00 plus HST on an annual basis for Additional Rent, throughout the Term, in equal monthly installments of \$1,785.50 plus HST on the 1st day of each and every month of the Term. The Tenant acknowledges that \$1.50 per square foot is merely the Landlord's estimate of the Tenant's Proportionate Share of Additional Rent for the Property, however, it represents the minimum amount the Tenant will be required to pay for Additional Rent throughout the Term. The Landlord will reconcile the Tenant's contribution to Additional Rent with its actual proportionate share on an annual basis and if the Tenant's Proportionate Share exceeds the Tenant's contribution (i.e. its monthly installments of Additional Rent), the Tenant shall reimburse the Landlord for the shortfall within thirty (30) days of being notified of the shortfall and the Landlord may adjust the Tenant's monthly Additional Rent obligation to reflect the Tenant's actual proportionate share for the preceding year.

3.3 Set-off and Abatement

All rent payable hereunder by the Tenant to the Landlord shall be paid without any reduction, set-off or abatement whatsoever.

3.4 Place of Payment of Rent

All Minimum Rent and Additional Rent payable hereunder shall be paid by the Tenant to the Landlord at the office of the Landlord as set out in section 12.6 herein or such other place in Canada as the Landlord may designate in writing from time to time, without any prior demand therefor, and shall be payable in lawful money of Canada.

3.5 Deposit

The Tenant shall pay to the Landlord, on or before November 23, 2018, the sum of

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\$50,000.00 (the "Deposit") to be held by the Landlord as a security deposit for due performance of all of the Tenant's covenants under this Lease. In the event that the Tenant observes and performs all of its covenants under this Lease and the Leased Premises are surrendered to the Landlord in a proper state of repair in accordance with the terms of this Lease, the Deposit shall be returned to the Tenant within thirty (30) days following the expiry of the Term without interest; provided however, such Deposit shall be forfeited to the Landlord in the event that the Tenant exercises its right of termination pursuant to subsection 2.2(ii) or (iii) herein.

3.6 Past Due Rent

If the Tenant fails to pay, when the same is due and payable, any Minimum Rent or Additional Rent payable by the Tenant under this Lease, such unpaid amount shall bear interest from the due date to the date of payment at the rate of twelve percent (12%) per annum.

4. GENERAL COVENANTS

4.1 Covenants of the Landlord and Owner

The Landlord is and will be authorized to negotiate and enter into the Lease and any other agreement related to the Property on behalf of the Owner. The Landlord covenants with the Tenant that subject to any provisions of the Lease to the contrary, the Tenant shall and may peaceably possess and enjoy the Leased Premises during the Term without any interruption or disturbance from the Landlord or any other person or persons claiming by, from or under it, and the Landlord and Owner shall observe and perform all the covenants, provisions and obligations of this Lease on its part to be observed and performed.

4.2 Covenants of the Tenant

The Tenant covenants with the Landlord:

- (a) to pay rent and to observe and perform all the covenants and provisions of this Lease on its part to be observed and performed; and
- (b) to observe, abide by and comply with all federal, provincial and other statutes, laws, orders, regulations, by-laws and directives respecting the Tenant's Work (including obtaining all required building permits), use and occupation of the Leased Premises and to observe any lawful order, request, direction, requirement or notice of any governmental authority, board or commission of competent jurisdiction, including, without limitation, orders, requests, directives, requirements or notices from the fire marshall, building inspector, board of health or medical officer of health.

5. BUSINESS AND USE

5.1 Use of the Leased Premises

The Leased Premises shall be used and occupied by the Tenant throughout the Term for cannabis, medical marijuana and/or hemp production, distribution, related products and activities only, all of which shall be in accordance with applicable laws. The Tenant acknowledges and agrees to observe and respect the exclusive covenants which the Landlord has or may grant to other tenants of the Property. The Tenant further agrees not to change the use of the Leased Premises without the express written consent of the Landlord, which may be arbitrarily withheld.

Notwithstanding the foregoing, the Landlord covenants and agrees that no other premises on the Property (other than the Tenant's use of 90 Beach Road for the same purposes pursuant to the 90 Beach Road Lease) are or shall be used for the purposes of cannabis, medical marijuana and/or hemp production, distribution, related products and activities at any time during the Term; provided however, the foregoing exclusive covenant shall become null and void and of no further force or effect in the event that the Tenant defaults under the Lease and such default is not cured within the time period specified in the Lease.

5.2 Compliance with Law

The Tenant shall not do, omit, permit or suffer to be done or exist on the Leased Premises anything that shall be or result in a nuisance or annoyance to the Landlord or any other Tenant of the Property or shall be in breach of any by-law or other legal requirement or any reasonable requirement of any insurer under any policy affecting any part of the Leased Premises. The Tenant shall be responsible for obtaining all necessary permits, licenses (including from Health Canada) and permits required in order to produce, store and distribute marijuana on the Leased Premises. The Tenant shall also be responsible for ensuring that the zoning by-laws and any other applicable laws governing the use of the Property permit the Tenant's contemplated uses herein.

5.3 Garbage Disposal

The Tenant covenants and agrees to dispose of their waste, both inside and outside, on a weekly basis using normal municipal and regional services or alternatively, by contracting their own private waste disposal company not in conjunction with any other tenant of the adjoining properties.

6. BUSINESS and REAL PROPERTY TAXES

6.1 Payment of Business Taxes by the Tenant

The Tenant shall pay promptly when due to the municipality or taxing authority having

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jurisdiction (or to the Landlord if the Landlord is invoiced directly by the taxing authority) all business taxes (if applicable) imposed in respect of any and every business carried on in the Leased Premises or in respect of the use or other occupancy thereof.

6.2 Receipts

Whenever requested by the Landlord the Tenant will deliver to the Landlord receipts for payment of all business taxes payable by the Tenant pursuant to Section 6.1 and furnish such other information in connection therewith as the Landlord may reasonably require. If there is not a separate bill issued by the relevant taxing authority for business taxes, or the business taxes are not separately assessed, the Tenant will pay its Proportionate Share of the business taxes with respect to the entire Property.

6.3 Payment of Real Property Taxes by the Landlord and Reimbursement by the Tenant

The Landlord shall pay or cause to be paid to the taxing authority or authorities having jurisdiction all Real Property Taxes on the Leased Premises with the exception of business taxes, business assessment, water taxes, assessments, rates and levies imposed on the Tenant in respect of its business carried on, in or use and occupancy of the Leased Premises. The Tenant shall pay the Landlord for the Tenant's Proportionate Share of such Real Property Taxes through its monthly payment of Additional Rent as contemplated by Section 3.2.

7. UTILITIES

7.1 Utilities

The Tenant shall pay or cause to be paid all charges incurred in respect of the Leased Premises for water, sewer, gas, electricity, light, heat and power and for telephone, protective and other communication services and/or all other public or private utility services, which shall be used, rendered or supplied upon, to or in connection with the Leased Premises or any part thereof at any time during the Term. Separate meters shall be installed in the Leased Premises if practicable, failing which appropriate arrangements will be entered into by the Landlord and the Tenant for the purposes of ensuring that the Tenant pays only for those utility services provided to the Leased Premises, which shall be determined by the Landlord acting reasonably.

7.2 Heating and Cooling

The Tenant covenants that it will at its own expense maintain the temperature in the Leased Premises at a reasonable level to avoid damage occurring in or to the Leased Premises.

8. HVAC SYSTEMS, REPAIRS, MAINTENANCE AND ALTERATIONS

8.1 HVAC Systems

The Tenant shall install, at its own cost, in accordance with Schedule "C" hereto, all heating, ventilation and air conditioning equipment to service the Leased Premises (the "**HVAC Systems**"). The Tenant shall be responsible for all required maintenance, repairs and/or replacements to the HVAC Systems during the Term and any renewal thereof.

8.2 Tenant's Maintenance and Repair Obligations

The Tenant shall at all times during the Term, and any renewal thereof, at its own cost and expense, maintain, repair, replace and keep the Leased Premises and every part thereof including, without limitation, all improvements, fixtures and equipment located in or serving the Leased Premises in a state of repair and appearance, which the Landlord, acting reasonably, determines an owner of similar premises would do. In addition, the Tenant will promptly do all work required to have the Leased Premises comply with all applicable laws and insurance requirements applicable from time to time. The Tenant's obligations to repair under the terms of this Section shall not extend to: (i) the structural portions of the Leased Premises, including the roof (save and except to the extent of any damage to the roof caused by the acts or omissions of the Tenant, which shall be the sole responsibility of the Tenant), which shall be the Landlord's responsibility) or the parking lot; or (ii) any damage to the Leased Premises for which the Landlord is insured or has agreed to insure pursuant to the within Lease subject to the exclusion for negligence or misconduct of the Tenant pursuant to section 9.1 hereof.

The Tenant's obligations under this section 8.2 will extend, without limitation, all electrical, mechanical, plumbing, sprinkler and other systems. The Tenant shall also be responsible to maintain the parking lot area, shaded in yellow on Schedule "A" hereto in a clean and tidy condition.

8.3 Tenant's Alterations

If any time and from time to time the Tenant shall at its own expense wish to make changes, alterations or improvements in and to the structural portions of the Leased Premises it shall first submit to the Landlord an adequate description of the contemplated work comprising drawings and specifications prepared by qualified designers and conforming to good engineering practice and obtain the Landlord's written approval of the work, such approval not to be unreasonably withheld. The Tenant shall in every case secure and submit to the Landlord any necessary approvals of and permits for the work from the authorities having jurisdiction. The Tenant shall if the Landlord objects to the making of any improvement, repair or change to the Leased Premises not previously approved by the Landlord, promptly remove the same and restore the Leased Premises to its previous condition. The Tenant shall have the right

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to make any other improvements, alterations, changes in or decorations to the Leased Premises with the consent of the Landlord, not to be unreasonably withheld or delayed.

8.4 Termination and Rent Abatement

- (a) If and whenever the Leased Premises shall be destroyed or damaged by reason of any cause (the expression "destroyed or damaged by reason of any cause" wherever used in this Section 8.4, being deemed to include destruction or damage which is consequential, indirect or caused by acts in good faith of the Landlord or others intended to be remedial or to prevent or limit further destruction, damage or personal injury) to such an extent that, in the opinion of an independent architect or structural engineer it is unable to be repaired, restored or rebuilt within a period of one hundred and twenty (120) days after the happening of such destruction or damage, then the Landlord or Tenant may terminate this Lease upon thirty (30) days' written notice to the other given within forty-five (45) days after the happening of such destruction or damage, and the Tenant shall thereupon immediately surrender the Leased Premises and this Lease to the Landlord and rent shall be apportioned to the date of such destruction or damage (subject to the payment of Minimum Rent and Additional Rent from the date of such destruction or damage to the date of such surrender in the same proportion that the part of the Leased Premises fit for occupancy by the Tenant during such period is of the whole of the Leased Premises). Immediately upon the occurrence of such damage or destruction, the Landlord shall retain an independent architect or engineer for the purposes of determining the aforementioned repair period and shall furnish the Tenant with a copy of the architect's or structural engineer's opinion within thirty (30) days of the happening of such damage or destruction.
- (b) If and whenever the Leased Premises are destroyed or damaged by reason of any cause and this Lease shall not have been terminated, the Landlord shall repair the Leased Premises as soon as reasonably possible and during the period following the occurrence of such destruction or damage until the Leased Premises have been so repaired, all rent shall from time to time abate in the same proportion that the part of the Leased Premises from time to time rendered unfit for use or occupancy by reason of such destruction is of the whole of the Leased Premises.

8.5 Additional Provisions Respecting Repair

The Tenant agrees with the Landlord as follows:

The Landlord and its employees or agents shall be entitled at all reasonable times during normal business hours upon at least 48 hours prior written notice, and at any time in the case of any real or apprehended emergency, to enter and examine the state of maintenance and repair of the Leased Premises and to do such acts or things as may be necessary or advisable to prevent, repair or abate damage or injury to the

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Leased Premises or the Property;

- (a) The Tenant shall give prompt written notice to the Landlord of the existence of any condition, including any need for repair, within the Leased Premises of which it has or should have, knowledge; and
- (b) If the Tenant fails to repair promptly as required hereunder, the Landlord may make such repair on the Tenant's behalf, and all expense incurred by the Landlord in so doing shall be reimbursed to it by the Tenant on demand as Additional Rent; provided that except in cases of real or apprehended emergency or where any destruction, damage, risk or material inconvenience affecting any part of the Leased Premises exists or might ensue failing an immediate repair, the Landlord shall first give written notice to the Tenant requiring the Tenant to so repair.

9. INSURANCE AND LIABILITY

9.1 Landlord's Insurance

The Landlord shall throughout the Term provide and keep in force or cause to be provided and kept in force:

- (a) a commercial property broad form policy of insurance including standard extended coverage endorsement for perils and leakage from fire protective devices in respect of the Leased Premises and all improvements therein, (but excluding Tenant's fixtures) to the full replacement value thereof;
- (b) such insurance (including loss of rental income insurance in respect of any rent that may abate under Section 8.4) as the Landlord elects to obtain acting reasonably and as a prudent owner or as any mortgagee of the Leased Premises requires; and
- (c) liability insurance in such amount as may be determined by the Landlord.

Insurance effected by the Landlord under this Section 9.1, shall be subject to such reasonable deductibles and exclusions as the Landlord may determine. The Landlord's insurance does not relieve the Tenant from liability arising from or contributed to by its negligence or misconduct. No insurable interest is conferred on the Tenant under any policies of insurance carried by the Landlord and the Tenant has no right to receive proceeds from any of those policies.

9.2 Tenant's Insurance

The Tenant shall throughout the Term provide and keep in force:

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- (a) comprehensive general liability insurance in the name of Tenant with respect to the business carried on in or from the Leased Premises and the use and occupancy thereof for bodily injury and death and damage to property of others (such comprehensive general liability insurance shall have limits on a per occurrence basis of at least \$5,000,000.00), and
- (b) fire insurance including standard extended coverage endorsement for perils and leakage from fire protective devices in respect of the Tenant's fixtures, furnishings, equipment and inventory and such other property in or forming part of the Leased Premises.

Insurance effected by the Tenant under this Section 9.2 shall release the Landlord from certain liability as set out in Section 9.3 and shall otherwise be upon such terms and conditions as the Landlord shall from time to time require as being reasonable and sufficient. The Tenant shall file with the Landlord such copies of either current policies or certificates, or other proof as may be required to establish the Tenant's insurance coverage in effect from time to time and the payment of premiums thereon, and if the Tenant fails to insure or to pay premiums or to file satisfactory proof thereof as so required, the Landlord may, upon reasonable notice to the Tenant (such notice may be limited to 24 hours) effect such insurance and recover any premiums paid therefor from the Tenant as Additional Rent, on demand.

9.3 Limitations of Landlord's Liability

The Landlord shall not be liable or in any way responsible to the Tenant (even if the Landlord or those for whom in law it is responsible are negligent) in respect of any loss, injury or damage suffered by the Tenant or others in respect of (i) property of the Tenant or others from theft or damage; (ii) injury or damage to persons or property resulting from fire, explosion, escaping steam or gas, electricity, water, rain or snow, or leaks from any part of adjacent premises, or from dampness; and (iii) damage required to be insured by the Tenant under Section 9.2.

9.4 Indemnity

The Tenant shall indemnify and hold harmless the Landlord against any and all liability, loss, claims, demands, damages or expenses, including legal expense, due to or arising out of injury to any person (including injury resulting in death) and damage to, loss of or theft of any property of any person arising out of any accident or other occurrence on or about the Leased Premises or any act or neglect by the Tenant or those over whom it might be expected to exercise control, and costs, liabilities, damages or expenses due to or arising out of any work done by, or act of neglect or omission of the Tenant or its servants, employees, agents, contractors, invitees or licensees in and about the Leased Premises, or due to or arising out of any breach or non-performance by the Tenant of any provision of this Lease.

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10. DEFAULT

10.1 Re-entry and Termination on Default

If and whenever:

- (a) Any rent or other amount payable by the Tenant under this Lease shall be in arrears and shall not then be paid within ten (10) business days after such rent or other amount is payable; or
- (b) The Tenant shall have breached or failed to comply with any of its covenants and agreements contained in this Lease, and shall have failed to diligently commence to remedy such breach or non-compliance within ten business (10) days after written notice thereof given by the Landlord to the Tenant;

then and in every case it shall be lawful for the Landlord at any time thereafter at its option to enter into and upon the Leased Premises or any part thereof in the name of the whole and to terminate this Lease and all the rights of the Tenant hereunder, anything in this Lease to the contrary notwithstanding.

10.2 Rights and Obligations on Re-entry and Termination

If and whenever the Landlord exercises its option to re-enter the Leased Premises and terminate this Lease pursuant to Section 10.1:

- (a) The Tenant shall immediately vacate the Leased Premises and the Landlord may remove or cause to be removed from the Leased Premises the Tenant or any other occupant or occupants thereof; and
- (b) The Landlord shall be immediately entitled to payment of rent and all other amounts payable hereunder up to the time of such termination, together with such expenses as the Landlord may incur in connection with such termination, but such termination and the recovery of such expenses shall in every case be without prejudice to and shall not limit the remedies available to the Landlord at law or in equity and specifically including any claim of the Landlord for damages in respect of loss of rental and other income of the Landlord expected to be derived from the Lease during the period which would have constituted the unexpired portion of the Term if this Lease had not been terminated, or prejudice or impair the right of recovery by the Landlord for damages in respect of any default by the Tenant under this Lease.

10.3 Bankruptcy of the Tenant and Additional Rights of Termination

In addition to all other rights of the Landlord to terminate hereunder, whether or not the Term has commenced and whether or not any Minimum Rent has been prepaid, this Lease may be terminated at the option of the Landlord if and whenever an order shall

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be made or an effective resolution shall be passed for the winding up or the liquidation of the Tenant or the surrender or forfeiture of its charter, or if the Tenant shall make a general assignment for the benefit of its creditors, shall be declared to be bankrupt, or shall file a petition in bankruptcy or insolvency or for any readjustment of debts or creditor's arrangement or shall make a proposal under *The Bankruptcy and Insolvency Act* or take advantage of any legislation for the relief of bankrupt or insolvent debtors in respect of its own debts, or if any execution, attachment or similar process shall be issued against the Tenant, or any encumbrancer of the Tenant shall take any action or proceeding whereby any of the improvements, fixtures, furnishing or property of the Tenant on the Leased Premises or the Tenant's leasehold interest in the Leased Premises shall be taken or the Leased Premises or any portion thereof occupied by someone other than the Tenant (unless such execution, attachment or similar process, action or proceeding be set aside, vacated, discharged or abandoned within fifteen (15) days after its commencement), or if the Tenant attempts to make any bulk sale or to remove any substantial part of the Leasehold Improvements, fixtures, furnishing or stock-in-trade from the Leased Premises other than in the normal course of its business and to the extent permitted hereunder or to a permitted assignee of the Lease, or if a receiver, manager, custodian or any official having similar power shall be appointed with respect to the Leased Premises or any property on the Leased Premises or the business or affairs of the Tenant or any portion thereof, or at any time any person other than the Tenant has or exercises the right to manage or control the Leased Premises or any part thereof or any of the business carried on therein, other than subject to the direct and full supervision and control of the Tenant and in compliance with all the provisions of this Lease. If this Lease is terminated pursuant to any provisions of this Section 10.3, the Tenant shall, in addition to meeting all the other requirements of this Section 10.3, forthwith pay to the Landlord Minimum Rent and Additional Rent for the three months next ensuing after the termination of this Lease as accelerated rent.

10.4 Landlord's Rights to Cure Defaults

If and whenever the Tenant shall default in the performance of any of its covenants under this Lease, the Landlord may perform such covenant for the account of the Tenant and may enter upon the Leased Premises for that purpose, after giving the Tenant ten (10) business days notice of its default and the Tenant's failure to commence to cure such default within such ten (10) day period. The Landlord shall not, under any circumstances, be liable to the Tenant for any loss, damage, or inconvenience to the Tenant or to the Tenant's business or stock-in-trade caused by acts of the Landlord in remedying or attempting to remedy such default, and the Tenant shall promptly pay to the Landlord, as Additional Rent, on demand, the amount of all costs, charges and expenses incurred by the Landlord in connection with such default or in curing or attempting to cure such default.

10.5 Waiver

No waiver by the Landlord of any default, breach or non-compliance hereunder shall operate as a waiver of the Landlord's rights hereunder in respect of any continuing or

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subsequent default, breach or non-observance, and no waiver shall be inferred from or implied by any overlooking by the Landlord of such default, breach or non-observance or by anything done or omitted to be done by the Landlord with respect thereto save only an express waiver in writing.

11. RIGHT OF FIRST REFUSAL, ASSIGNMENTS, TRANSFERS AND OTHER ENCUMBRANCES

11.1 Transfers and Encumbrances by the Landlord

Subject to the right of first refusal set out in section 11.2 of the 90 Beach Road Lease, the Landlord may sell, transfer, encumber or otherwise deal with the Leased Premises or any portion thereof or any interest of the Landlord therein, in every case without the consent of the Tenant, and without restriction, and to the extent that any purchaser or transferee from the Landlord has become bound and covenanted with the Tenant to perform the covenants of the Landlord under this Lease, the Landlord shall without further written agreement be freed and relieved of liability upon such covenants and obligations.

11.2 Subordination and Attornment by the Tenant

This Lease is subject and subordinate to (but at the option of the Landlord or any mortgagee or encumbrancer of the Leased Premises shall be attorned and the Tenant bound to) any mortgage or other encumbrance which may now or at any time hereafter affect the Leased Premises. On request at any time and from time to time of the Landlord or of any such mortgagee or encumbrancer of the Leased Premises the Tenant covenants and agrees to either (i) attorn to such mortgagee or encumbrancer and become bound to it as its tenant of the Leased Premises for the then unexpired residue of the Term and upon the terms herein contained (subject always to the respective priorities as between themselves as mortgagees or encumbrancers who from time to time request such attornment) or (ii) postpone and subordinate this Lease to such mortgage or other encumbrance with the intent and effect that this Lease and all the rights of the Tenant shall be subject to the rights of such mortgagee or encumbrancer as fully as if such mortgage or other encumbrance had been made before the making of this Lease. Whichever of the foregoing may be requested (and notwithstanding that any previous attornment and subordination to such encumbrancer shall have been given) the Tenant shall execute promptly any instrument of attornment, postponement or subordination which may be so requested to give effect to the foregoing. Whenever requested from time to time by the Landlord or any mortgagee or encumbrancer for the Leased Premises the Tenant shall promptly execute and deliver to the party requesting the same a certificate or acknowledgement as to the status and validity of this Lease and the state of the rental account hereunder and such other information as may reasonably be required.

The Landlord covenants to use its best efforts to obtain from any person or corporation

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to which this Lease is subordinate or subordinated, an agreement directly with the Tenant providing that the Tenant shall have undisturbed possession of the Leased Premises as long as it is not in default of the terms of the Lease to the extent which would give rise to the Landlord's rights of termination hereunder.

11.3 Assignment or Subletting by the Tenant

The Tenant shall not, without the prior written consent of the Landlord (which consent may not be unreasonably withheld) assign, encumber or mortgage this Lease or any part hereof or sublet all or any part of the Leased Premises or permit the Leased Premises or any part thereof to be occupied or used by any person or entity other than the Tenant; and any such consent given in any one instance shall not relieve the Tenant of its obligation to obtain the prior consent of the Landlord to any further assigning, subletting, occupancy, or use. Provided however, in the case of any assignment or subletting, the Tenant shall remain liable for all covenants of the Tenant for the unexpired Term of the Lease notwithstanding the bankruptcy of the assignee or subtenant.

11.4 Successors and Assigns

This Lease shall be binding upon and enure to the benefit of each of the parties hereto and their respective successors and permitted assigns.

12. MISCELLANEOUS

12.1 Additional Insurance Premiums

If as a result of the use of the Leased Premises any insurance premiums on insurance required under the terms of this Lease to be carried by the Landlord shall increase then the Tenant agrees to pay to the Landlord forthwith upon being requested to do so any such increase in insurance premiums within ten (10) business days after invoices for such premiums have been provided by the Landlord to the Tenant.

12.2 Unavoidable Delays

In the event that either the Landlord or the Tenant shall be delayed, hindered or prevented from the performance of any act or covenant required hereunder by reason of any Unavoidable Delay not the fault of the party delayed, then performance of such act or covenant shall be excused for the period during which such performance is rendered impossible and the time for the performance thereof shall be extended accordingly.

12.3 Severability

Should any provision of this Lease be unenforceable it shall be considered separate

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and severable from the remaining provisions of this Lease, which shall remain in force and be binding as though such provisions had not been included.

12.4 No Collateral Agreements

This Lease supercedes and replaces the Agreement to Lease and constitutes the entire agreement between the Landlord and the Tenant relating to the subject matter hereof and may be amended only by an agreement in writing signed by the parties thereto, and neither party is bound by any representations, warranties, promises, agreements or inducements not embodied herein. For greater certainty, the Lease does not amend the 90 Beach Road Lease, which continues in full force and effect as of the date hereof.

12.5 Parking

The Tenant and its servants, employees, agents, contractors and invitees shall only be entitled to the use of the parking area set out in yellow on Schedule "A" attached hereto.

12.6 Notices

Any notice, direction or other instrument required or permitted to be given hereunder shall be in writing and may be given by mailing the same by registered mail, postage prepaid (except in the event of postal disruption occurring prior to the hereinafter specified deemed date of receipt in which event notice, direction or other instrument may only be given by delivery as hereinafter provided) or delivering the same addressed to:

To the Landlord at:

1818 Burlington Street East
HAMILTON, ON, L8H 3L4

To the Tenant at:

the Leased Premises

Any such notice delivered as aforesaid shall be deemed to have been received by the party to whom it is delivered on the date of its being so delivered. Any notice mailed as aforesaid shall be deemed to have been received by the party to whom it is so mailed five (5) days, excluding Saturdays, Sundays and holidays (as that term is defined in the Interpretation Act (Ontario)), after the date of its being so mailed.

12.7 Registration

The Tenant may register notice of this Lease on title to the Property subject to the Landlord's prior written consent, which shall not be unreasonably withheld; provided

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however, any such notice of lease shall not contain any mention or reference to the financial term of the Lease. Upon the expiry of the Term or sooner termination of the Lease, the Tenant shall immediately discharge such notice, failing which, the Landlord shall have the right to discharge same at the Tenant's expense.

12.8 Governing Law

This Lease shall be construed and governed by the laws of the Province of Ontario.

12.9 Discharge of Liens

If the Leased Premises or any part thereof shall, at any time during the Term, become subject to a construction lien or other lien, encumbrance or charge based on the furnishing of materials or labour to or for the benefit of the Tenant, the Tenant shall cause the same, at its sole cost and expense to be vacated or discharged within thirty (30) days after notice thereof to the Tenant given by or on behalf of the lien claimant; provided that the Tenant may contest the validity of any such lien on giving to the Landlord such reasonable security as the Landlord shall request to ensure payment and to prevent any sale, foreclosure or forfeiture of the Leased Premises by reason of such non-payment. Provided further that upon determination of the validity of any such lien the Tenant shall immediately pay any judgment in respect thereof rendered against the Tenant or the Landlord with all proper costs and charges including costs incurred by the Landlord in connection with any such lien and shall cause a discharge of such lien to be registered without cost to the Landlord.

12.10 Interpretation

Time shall be of the essence of this Lease and every part hereof. The headings introducing articles, sections and subsections are for convenience of reference only and shall not affect the interpretation thereof. All references to the Tenant shall be read with such changes in number and gender as may be appropriate, according to whether the Tenant is a male or female person or a corporation or partnership, and if more than one person deemed to be joint and several. Any reference to the Tenant shall include, where the context allows, the servants, employees, agents, invitees and licensees of the Tenant and all others over whom the Tenant might reasonably be expected to exercise control.

12.11 Signs

The Tenant will not paint, fix, display or cause to be painted, fixed or displayed, any sign, picture, advertisement, notice, lettering or decoration on any part of the exterior or the interior of the Leased Premises without, in each instance, the prior approval of the Landlord, such approval shall not be unreasonably withheld or delayed. Any such signs or other advertising material shall be removed by the Tenant at the expiration or earlier termination of this Lease and the Tenant shall promptly repair any and all damage caused by such installation or removal. In addition, any such signs shall, at all times,

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be in conformity with all relevant governmental and municipal requirements.

12.12 Net Lease

Save as expressly set out in this Lease, the Tenant acknowledges and agrees that it is intended that this Lease is a completely care-free net lease to the Landlord and that the Landlord is not responsible during the Term of the Lease for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Leased Premises or the use and occupancy thereof or the business carried on therein, and the Tenant shall pay all charges, impositions, costs and expenses of any nature or kind relating to the Leased Premises.

12.13 Consent of Governmental Authorities

This Lease is entered into subject to the express condition that it is to be effective only if the provisions of *The Planning Act (Ontario)* (as it may from time to time be amended) are complied with.

12.14 Harmonized Sales Tax

The Tenant acknowledges that all payments to be made by it under this Lease whether for Minimum Rent, Additional Rent, utilities, repairs or otherwise are subject to HST and the Tenant covenants and agrees to make all such payments of HST so that its payments under this Lease are net to the Landlord.

12.15 Post-dated Cheques

The Tenant will deliver to the Landlord immediately upon execution of this Lease, a cheque in the amount of rent arrears for the months of June through to and including September, 2018 together with nine (9) post-dated cheques each in an amount equal to the total of the monthly Minimum Rent and the monthly payment of estimated Additional Rent, for the balance of the second lease year (i.e. October 1, 2018 to June 30, 2019) and prior to July 1st in each subsequent year of the Term, the Tenant shall deliver to the Landlord twelve (12) post-dated cheques equal to the total of the monthly Minimum Rent and estimated Additional Rent for the applicable lease year.

12.16 Rules and Regulations

The Tenant covenants and agrees to be bound by all rules and regulations adopted and promulgated by the Landlord from time to time, relating to the Leased Premises or the Property generally including, without limitation, all rules, regulations, policies, standards and practices relating to garbage disposal and use of the parking facilities.

12.17 Counterparts

This Agreement may be executed in several counterparts, each of which, once

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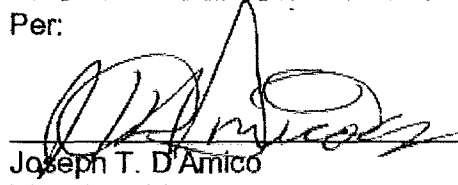
executed, shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument, and notwithstanding the date of execution shall be deemed to bear the same date as written above on this Agreement. Any party hereto may initially execute and deliver an executed copy of this Agreement by facsimile transmission or in PDF form, which shall be sufficient to bind such party.

(signature page follows)

IN WITNESS WHEREOF parties hereto have executed this Lease as of the day and year first above written.

CHOKEY REAL ESTATE LIMITED

Per:



Joseph T. D'Amico

Title: President

I have authority to bind the corporation

RADICLE MEDICAL MARIJUANA INC.

Per:



Name: Ziad Reda

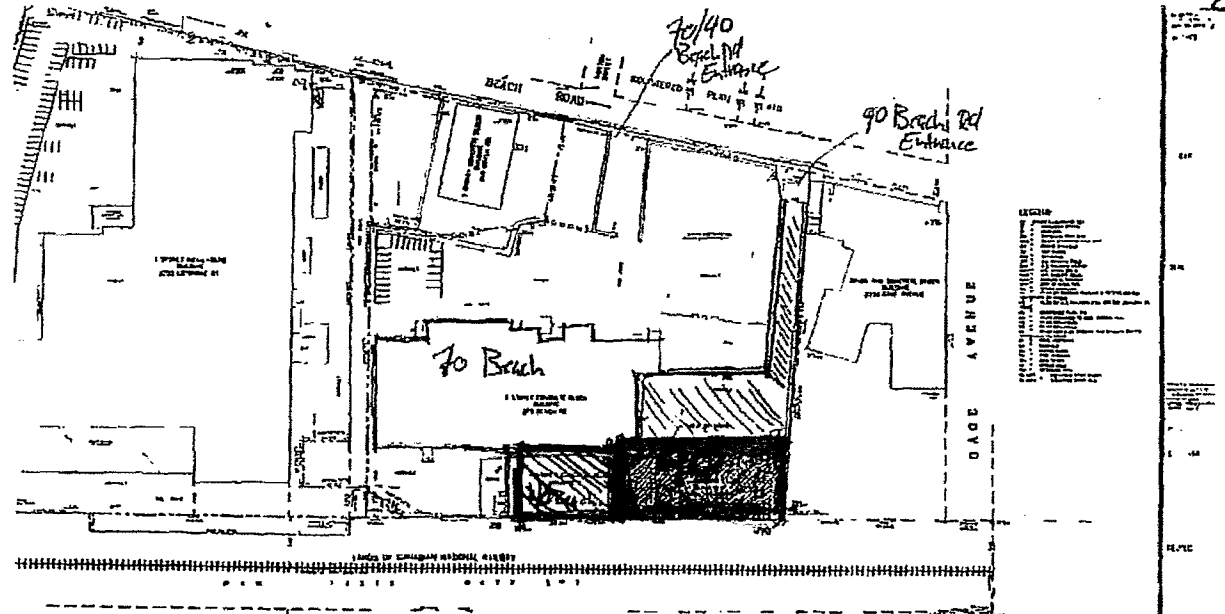
Title: President

I have authority to bind the corporation

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Schedule "A"
Leased Premises

September 2018



- 25,444 [hatched] 90 Beach Rd Tenant Radicle Medical Marijuana
- [hatched] 90 Beach Rd Tenant Parking/Entrance Radicle Medical Marijuana
- 100,000 [hatched] 70 Beach Rd Thomas Solutions
- 14,300 [hatched] 40 Beach Rd. - Notes: NO access to Rear back of Area, NO access to rear parking lot entrance, all access thru 90 Beach Rd.
- Total SQFT of Building
- 139,744**

PROJECT: MEDIC GROW 90 BEACH ROAD
 PREPARED BY: [signature]
 DATE: [blank]
 SCALE: [blank]
 PROJECT NO.: [blank]

[signature]

Schedule "B"
Tenant's Trade Fixtures

Schedule "C"**Tenant's Work, Additional Provisions and Covenants****Tenant's Work at Tenant's Cost:**

The Tenant's Work set out herein shall be completed in accordance with all applicable laws, including all Building Code and by-law requirements, and in a good and workmanlike manner. The Tenant shall provide the Landlord with its architectural drawings and plans prior to commencement of the Tenant's Work. The Landlord's approval shall be required prior to the commencement of the Tenant's Work.

- The installation of any required heating, ventilation and air-conditioning equipment ("**HVAC**") including the right to install all specialized equipment and fixtures required for the permitted uses set out in the Lease, notwithstanding that some may be affixed to the building on the Leased Premises, and such specialized equipment, including without limitation, ducting, fans, lighting and fixtures, special HVAC and other trade fixtures, shall remain the property of the Tenant
- The right to install such security measures as is required by the Tenant, Health Canada or any other governmental authority. The Landlord acknowledges that the Tenant intends to install an automatic gate system and surveillance equipment and that such equipment installed shall remain the property of the Tenant (other than the automatic gate)
- All other work not described above

Additional Provisions and Covenants

The Tenant shall provide the Landlord with a layout sketch showing the area and improvements required by Health Canada or any other governmental authority having jurisdiction within five (5) days of completion of the sketch.

The Landlord covenants and agrees that the contents, terms and conditions of the Lease, the layout sketch, and any details of the Tenant's business that may be known to the Landlord shall be kept strictly confidential and will not be disclosed or revealed, without the prior written consent of the Tenant to any other person, firm or corporation, save and except for the Landlord's legal and financial advisors; provided further, the foregoing shall not apply to information that is or becomes available to the public, or that is required to be disclosed by law.

This is Exhibit “D” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**



Licence No. - N° de licence
LIC-9JMHVTANAP-2023-5

LICENCE

This licence is issued in accordance with the *Cannabis Act* and *Cannabis Regulations*

LICENCE

Cette licence est délivrée conformément à la *Loi sur le cannabis* et le *Règlement sur le cannabis*

Licence Holder / Titulaire de la licence :
Noya Cannabis Inc.

Licensed Site / Lieu autorisé :
90 BEACH RD
HAMILTON, ON, CANADA, L8L 8K3

The above-mentioned person is authorized to conduct, at the site specified on this licence, the activities listed below for the following licence classes and subclasses.

La personne susmentionnée est autorisée à effectuer, sur le site spécifié sur cette licence, les activités énumérées ci-dessous pour les catégories et les sous-catégories de licence suivantes.

Standard Cultivation

Culture standard

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis For the purposes of testing, to obtain cannabis by altering its chemical or physical properties by any means To sell cannabis in accordance with subsection 11(5) of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis Afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques Vendre du cannabis en vertu du paragraphe 11(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled "Mandatory cannabis testing for pesticide active ingredients - Requirements".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».

Standard Processing

Transformation standard

Activities	Activités
<ul style="list-style-type: none"> To possess cannabis To produce cannabis, other than obtain it by cultivating, propagating or harvesting it To sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte Vendre du cannabis en vertu du paragraphe 17(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled "Mandatory cannabis testing for pesticide active ingredients - Requirements".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé « Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».
The only cannabis products that the licence holder may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut vendre ou distribuer (i) à un titulaire d'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Manager, Controlled Substances and Cannabis Branch

Gestionnaire, Direction générale des substances contrôlées et du cannabis



Conditions	Conditions
The only cannabis products that the licence holder may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) d'une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Sale for Medical Purposes

Vente à des fins médicales

Activités	Activités
<ul style="list-style-type: none"> To possess cannabis To sell cannabis products in accordance with section 27 and Part 14, Division 1 of the Cannabis Regulations 	<ul style="list-style-type: none"> Avoir du cannabis en sa possession Vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du Règlement sur le cannabis

Conditions	Conditions
N/A	nd

Indoor Area(s) / Zone(s) Intérieure(s)

The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autre activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

Building 1

Effective date of the licence:

This licence is effective as of **October 16, 2024**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **16 octobre 2024**

Expiry date of the licence:

This licence expires on **December 21, 2028**

Date d'expiration de la licence:

La présente licence expire le **21 décembre 2028**

Manager, Controlled Substances and Cannabis Branch

Gestionnaire, Direction générale des substances contrôlées et du cannabis



Address Locator 0300A
Ottawa, ON K1A 0K9

LIC-UJVRJTSB93-2023

July 21, 2023

2675383 ONTARIO LIMITED
c/o Ziad Reda (Responsible Person)
90 Beach Rd
Hamilton, ON L8L 8K3

Subject: Licence Issuance under the *Cannabis Regulations*

Ziad Reda,

In accordance with our communication dated June 29, 2023, Health Canada, under section 62(1) of the *Cannabis Act*, has issued a new licence for micro-cultivation valid from July 21, 2023 to August 21, 2025.

Please find enclosed the new licence for 2675383 ONTARIO LIMITED located at 681 Concession 2 Road South, Haldimand, ON N0A 1C0. This licence is valid until August 21, 2025. This licence authorizes 2675383 ONTARIO LIMITED to conduct the activities specified on the licence, only at the site specified on the licence, and in accordance with the conditions set out in the licence.

A list of personnel associated with your site, including those occupying roles required by the *Cannabis Regulations*, and key investors if applicable, is available in the Cannabis Tracking and Licensing System (CTLS) under your licence record.

Reminders

As a licence holder, you will need to pay the annual regulatory fee for each fiscal year (i.e. April 1st to March 31st) that you have a valid licence. ARF payments for each of the fiscal years following the entry year will be due by September 30th. It is the responsibility of the licence holder to send payments on time. Late payments may accrue interest charges or result in suspension or revocation of a licence. Please refer to the document titled "**Cannabis Fees Order Update – Cannabis Licence Holders**" for more information regarding the regulatory requirements related to fees which can be found here: https://www.dropbox.com/sh/3dkn35q74nxzqbz/AAC_0MQDP63L6cxjUOT0bPZka?dl=0

As a licence holder, you are responsible for complying with the Cannabis Act and its Regulations. To obtain a copy of the Cannabis Act and its Regulations, please visit the Justice Canada website at: <https://laws-lois.justice.gc.ca/eng/acts/C-24.5/>

Monthly reports from cannabis licence holders are due no later than the 15th of each month for the previous month. Guidance documents on reporting requirements and procedures are available online at: <https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/tracking-system.html>

Canada

If you have any questions, please do not hesitate to contact us by email at licensing-cannabis-licences@hc-sc.gc.ca.

Cannabis Licensing and Security Division
Controlled Substances and Cannabis Branch
Health Canada / Government of Canada

This is Exhibit “E” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**



October 17, 2024

Noya Cannabis Inc.
90 Beach Road
Hamilton, ON L8L 8K3
Attn: Ziad Reda

Dear Ziad Reda:

Subject: Renewal of Cannabis Licence under the Excise Act, 2001

We have reviewed your cannabis licence renewal application, and your cannabis licence under the Excise Act, 2001 has been renewed effective October 20, 2024 and will expire effective April 19, 2025.

Cannabis licence number

The following licence number should be recorded on all correspondence with the CRA:

82010 6177 RD0001

90 Beach Road, Hamilton, ON L8L 8K3

Sufficient Financial Resources

A holder of a licence issued under the Act who wishes to maintain or renew their excise licence must continue to meet certain conditions imposed under the Act. Pursuant to paragraph 2(2)(e) of the Regulations Respecting Excise Licences and Registrations a licensee must maintain sufficient financial resources to conduct their business in a responsible manner.

To demonstrate that you have sufficient financial resources to conduct business in a responsible manner in accordance with section 2 of the Regulations, we require that the following payment requirements are met before November 15, 2024:

1. Monthly excise duty payable is paid by the due date (last day of the calendar month following your reporting period); and
2. A payment arrangement is established for any arrears balances.

Please contact your assigned Collections officer, Sophie Gagnon, at 1-833-780-2701 to make a payment arrangement.

Failure to meet the above mentioned payment requirements may render you ineligible for renewal of your cannabis licence, as you will not meet the requirements of the Regulations as previously noted.

Failure to keep current with the payment requirements may also effect your ability to order stamps.

In order to renew your licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date (by March 20, 2025).

Obligations of a Cannabis Licensee

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

PROTECTED B

Methods of Destruction and Analysis


As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Tina DiMassimo at 289-922-9015. For general information regarding the excise duty on cannabis products please call 1-866-330-3304 or go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please email cannabis@cra-arc.gc.ca.

Sincerely,

CARDWELL
KATHERINE

 Digitally signed by CARDWELL
KATHERINE
Date: 2024.10.17 13:48:49 -04'00'

Katherine Cardwell, CPA, CGA
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs

Canada Revenue
AgencyAgence du revenu
du Canada

PROTECTED A

August 18, 2023

2675383 Ontario Limited
72 Citation Cres
Ancaster ON L9K 1H8
Attn: Ziad Reda

Dear Ziad Reda:

Subject: Renewal of Cannabis Licence under the Excise Act, 2001

We have reviewed your cannabis licence renewal application, and are pleased to inform you that your cannabis licence under the Excise Act, 2001 has been renewed effective August 22, 2023.

Cannabis licence number

The following licence number should be recorded on all correspondence with the CRA:

71585 3313 RD0001

Each of the physical business locations included in the licence application has been provided with a separate account number as follows:

Location	Account Identifier	Account Type	Premises Address
1	RD0001	Filing	681 Concession 2 Road South, Haldimand, Ontario, N0A 1C0

Acknowledgement of Security

A person renewing a cannabis licence under the Act is required to maintain security in a form satisfactory to the CRA and in an amount determined by the Regulations Respecting Excise Licences and Registrations. Please ensure your posted security remains valid, and is sufficient to ensure payment of the amount referred to in paragraph 160(b) of the Act (highest duty payable on your B300 excise duty return for any month). If you have questions in regards to the security requirement, please contact our office.

Excise Duties and Taxes
Legislative Policy and Regulatory Affairs
55 Bay Street North
Hamilton ON L8R 3P7
Phone: 1-866-330-3304
Fax: 1-905-572-4608

Canada

Renewal of Cannabis Licence

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your licence will be **August 21, 2025**. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

Obligations of a Cannabis Licensee

Changes to Information

The CRA must be informed of any changes to the name, legal entity, business or mailing address, location of books and records or changes to any other information provided in the licence application form. The CRA must also be informed if your business/operations have been discontinued or sold.

Books and Records

All cannabis licensees are required to maintain adequate books and records and provide access to those books and records to excise officers. Denied access to books and records could result in a suspension or the cancellation of a cannabis licence.

Filing of Returns

A form B300, Cannabis Duty and Information Return, for each filing division under your cannabis licence must be filed for each calendar month whether or not any duty is payable. Your returns are due at the end of the month following the calendar month for the production being reported. It should be noted that a licensee who fails to file a return for a reporting period as and when required will be subject to penalty. Similarly, if payment is not made as and when required, a licensee will be subject to interest on the late payment.

Electronic filing of the monthly B300 Cannabis Duty and Information Return, the B301 Application for a Refund of Cannabis Duty, as well as other account information, such as account transactions and balances, licence status and account maintenance activities, is available at canada.ca/my-cra-business-account. Electronic filing of returns provides immediate confirmation that your return has been received by the CRA. Enrollment can be completed online, and further information is available at canada.ca/my-cra-business-account or by phone at 1-800-959-5525.

Monthly excise cannabis returns may also be printed from our website at canada.ca/cannabis-excise so that they may be completed and submitted by mail. Please note that should a return and any payment due not be filed or received within the time limits, penalty and interest charges may be applied in accordance with the Act.

PROTECTED A

Methods of Destruction and Analysis

As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

Although we reserve the right to be present during any destruction, mandatory notification and witnessing of destruction is not required for regular, routine destruction. However, unusual destruction or the destruction of packaged goods returned from a purchaser are required to be reported and may require witnessing of the destruction by an officer.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Brenda Royer at (905) 570-4516 or by fax at (905) 572-4608. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise or call 1-866-330-3304 to make an enquiry. To request a ruling or technical interpretation on cannabis excise duty, please email cannabis@cra-arc.gc.ca.

Sincerely,

Kwasi
Henry

Digitally signed
by Kwasi Henry
Date: 2023.08.18
15:26:25 -04'00'

Kwasi Henry
Ontario Regional Manager
Excise Duties and Taxes

This is Exhibit "F" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

CONSOLIDATED FINANCIAL STATEMENTS

For

NOYA HOLDINGS INC.

For year ended

DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the directors of

NOYA HOLDINGS INC.

Opinion

We have audited the consolidated financial statements of Noya Holdings Inc. (the Company), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the year 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, 2022 and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss and comprehensive loss of \$7,307,377 during the year ended December 31, 2022 and, as of that date, the Company's accumulated deficit was \$21,771,669 and its negative operating cash flows were \$438,680. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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.

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.

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



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
June 30, 2023.

Welch LLP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 487,796	\$ 528,386
Accounts receivable (note 5)	1,062,985	3,025,608
Biological assets (note 6)	327,998	1,062,021
Inventory (note 6)	6,204,419	8,182,721
Prepaid expenses	<u>460,112</u>	<u>467,214</u>
	8,543,310	13,265,950
PROPERTY AND EQUIPMENT (note 8)	6,477,131	7,455,748
RIGHT-OF-USE ASSET (note 13)	1,272,835	1,365,454
LONG-TERM DEPOSIT (note 5)	<u>36,887</u>	<u>36,791</u>
	<u>\$ 16,330,163</u>	<u>\$ 22,123,943</u>
<u>LIABILITIES AND NET DEFICIT</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (notes 5, 7 and 9)	\$ 3,678,672	\$ 3,446,502
Government remittances payable	158,299	281,194
Royalty payable (note 9)	2,523,750	1,699,029
Deferred revenue (note)	957,537	957,537
Convertible debenture (note 9)	2,000,000	928,514
Due to related parties (note 12)	2,275,150	2,471,476
Current portion of lease obligation (note 13)	<u>47,835</u>	<u>36,219</u>
	11,641,243	9,820,471
CONVERTIBLE DEBENTURE (note 9)	-	930,044
DEBENTURE (note 9)	5,000,000	5,000,000
DUE TO RELATED PARTIES (note 12)	3,050,972	2,707,583
LEASE OBLIGATIONS (note 13)	<u>1,480,770</u>	<u>1,527,472</u>
	<u>21,172,985</u>	<u>19,985,570</u>
NET DEFICIT		
Capital stock (note 11)	12,511,208	12,049,505
Contributed surplus - stock options (note 11)	4,254,198	4,389,719
Contributed surplus - convertible debentures (note 9)	169,761	169,761
Warrants related to debt financing (note 9)	78,916	78,916
Warrants related to licensing agreement (note 11)	78,161	78,161
Non-controlling interests	(163,397)	(141,228)
Deficit	<u>(21,771,669)</u>	<u>(14,486,461)</u>
	<u>(4,842,822)</u>	<u>2,138,373</u>
	<u>\$ 16,330,163</u>	<u>\$ 22,123,943</u>

Approved by the Board:

..... Director

(See accompanying notes)

Welch LLP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
Sales	\$ 12,583,750	\$ 11,147,913
Excise taxes	<u>970,966</u>	<u>903,262</u>
Net sales	11,612,784	10,244,651
Cost of sales	<u>11,980,838</u> (368,054)	<u>13,035,097</u> (2,790,446)
Realized fair value amounts on inventory sold	6,393,024	833,468
Unrealized gain on changes in fair value of biological assets	<u>(5,174,486)</u>	<u>(6,774,371)</u>
	<u>1,218,538</u>	<u>(5,940,903)</u>
Gross profit	<u>(1,586,592)</u>	<u>3,150,457</u>
Expenses		
Advertising and promotion	21,727	24,227
Depreciation of property and equipment (note 8)	893,988	1,057,004
Amortization of financing costs	10,146	10,146
Amortization of prepaid right	23,882	26,054
Insurance	220,934	296,237
Interest and bank charges	156,675	141,769
Interest on debentures (notes 9 and 12)	702,765	575,486
Business development	465,016	186,855
Office and administration	257,029	321,579
Professional fees	169,099	323,614
Rent	(89,006)	2,893
Repairs and maintenance	137,869	143,955
Royalties (note 9)	900,000	850,106
Salaries and benefits	1,334,260	725,010
Dues and fees	267,458	280,673
Telephone	17,111	6,170
Travel	14,054	57,026
Utilities	115,694	7,154
Subcontractors	(27,874)	183,216
Provincial fees	81,483	42,016
Bad debts	27,712	-
Share-based compensation (note 11)	<u>26,182</u>	<u>120,596</u>
	<u>5,726,204</u>	<u>5,381,786</u>
Operating loss	<u>(7,312,796)</u>	<u>(2,231,329)</u>
Other expenses (income)		
Loss on foreign exchange	4,678	2,925
Other expenses (income) (note 14)	<u>(10,097)</u>	<u>(622,415)</u>
	<u>(5,419)</u>	<u>(619,490)</u>
Net loss and comprehensive loss	<u>\$ (7,307,377)</u>	<u>\$ (1,611,839)</u>
Total comprehensive loss attributable to:		
Noya shareholders	\$ (7,285,208)	\$ (1,533,777)
Non-controlling interests	<u>(22,169)</u>	<u>(78,062)</u>
Net loss and comprehensive loss	<u>\$ (7,307,377)</u>	<u>\$ (1,611,839)</u>

(See accompanying notes)

Welch LLP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2022

	<u>Share capital</u>	<u>Deficit</u>	<u>Non-controlling interest</u>	<u>Contributed surplus</u>	<u>Total</u>
Balance, December 31, 2020	\$ 11,959,505	\$ (12,952,684)	\$ (63,166)	\$ 4,556,134	\$ 3,499,789
Net loss and comprehensive loss	-	(1,533,777)	-	-	(1,533,777)
Share-based compensation	-	-	-	120,596	120,596
Contributed surplus- convertible debt	-	-	-	39,828	39,828
Non-controlling interests	-	-	(78,062)	-	(78,062)
Issue of common shares	90,000	-	-	-	90,000
Balance, December 31, 2021	12,049,505	(14,486,461)	(141,228)	4,716,558	2,138,374
Net loss and comprehensive loss	-	(7,285,208)	-	-	(7,285,208)
Share-based compensation	-	-	-	26,182	26,182
Non-controlling interests	-	-	(22,169)	-	(22,169)
Share options exercised	461,703	-	-	(161,703)	300,000
Balance, December 31, 2022	<u>\$ 12,511,208</u>	<u>\$ (21,771,669)</u>	<u>\$ (163,397)</u>	<u>\$ 4,581,037</u>	<u>\$ (4,842,822)</u>

(See accompanying notes)

Welch LLP

An Independent Member of BKR International

NOYA HOLDINGS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Net loss and comprehensive loss	\$ (7,307,377)	\$ (1,611,839)
Adjustments for:		
Amortization	1,085,123	1,365,575
Share-based compensation	26,182	120,596
Interest accretion on debentures	<u>141,442</u>	<u>-</u>
	(6,054,630)	(125,668)
Changes in non-cash working capital components:		
Accounts receivable	1,962,623	(2,079,311)
Government remittances payable	(122,895)	370,365
Inventory and biological assets	2,712,325	(3,220,665)
Prepaid expenses	7,102	(14,613)
Long-term deposit	(96)	(292)
Accounts payable and accrued liabilities	232,170	2,538,291
Royalty payable	824,721	1,188,269
Deferred revenue	<u>-</u>	<u>(42,463)</u>
Cash flows used in operating activities	<u>(438,680)</u>	<u>(1,386,087)</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(13,887)</u>	<u>(130,365)</u>
Cash flows used in investing activities	<u>(13,887)</u>	<u>(130,365)</u>
FINANCING ACTIVITIES		
Leases, net	(35,086)	(27,735)
Proceeds of debentures	-	566,865
Advances from related parties	147,063	419,726
Issuance of capital stock	<u>300,000</u>	<u>90,000</u>
Cash flows from financing activities	<u>411,977</u>	<u>1,048,856</u>
INCREASE (DECREASE) IN CASH	(40,590)	(467,596)
CASH AT BEGINNING OF YEAR	<u>528,386</u>	<u>995,982</u>
CASH AT END OF YEAR	<u>\$ 487,796</u>	<u>\$ 528,386</u>

(See accompanying notes)

Welch LLP

NOYA HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

1. NATURE OF OPERATIONS

Noya Holdings Inc. ("Noya" or the Company) was incorporated under the Business Corporations Act of Ontario on July 5, 2017. The Company's registered and head office is located at 90 Beach Road, Hamilton, ON, L8L 3Z9.

The consolidated financial statements comprise the Company and its subsidiaries, Noya Cannabis Inc., Noya Store Inc., 2672204 Ontario Limited and 2675383 Ontario Limited, together referred to as the Group. The Group is primarily a premium white label cannabis producer licensed under the Cannabis Act. The principal activities of the Group include growing and processing cannabis as regulated by the Cannabis Act.

2. GOING CONCERN

These financial statements have been prepared on the assumption that the entity is a going concern, meaning it will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. There is doubt as to the appropriateness of this assumption given the Company's current operating deficit and the deficiency in working capital. The Company's ability to continue as a going concern is dependent on its ability to obtain additional financing to meet its current working capital needs and attain profitable operations generating sufficient funds therefrom to meet current and future obligations.

3. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries at the dates set out below:

	<u>Percentage Owned</u>	<u>Year-end</u>
Noya Holdings Inc.	Parent	December 31
Noya Cannabis Inc.	100%	December 31
Noya Store Inc.	100%	December 31
2672204 Ontario Limited	100%	December 31
2675383 Ontario Limited	76% owned by 2672204 Ontario Limited	December 31

These consolidated financial statements are presented in Canadian dollars.

The consolidated financial statements were approved for issuance by the Board of Directors on June 30, 2023.

The financial statements of its subsidiaries included in the consolidated financial statements is determined based on the date the Company commences to exercise control until the date that it ceases to control the subsidiary. The accounting policies of the Company's subsidiaries are aligned with the policies adopted by the Company for consolidation purposes. All intercompany balances, transactions, income and expenses have been eliminated. Subsidiaries which are not wholly owned by the Company result in non-controlling interests that are reported separately in its consolidated statements of financial position. The portions of comprehensive income (loss) and of other comprehensive income (loss) attributable to non-controlling interests are also shown separately on the consolidated statement of comprehensive income (loss) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accounting policies of the Company are in accordance with International Financial Reporting Standards (IFRS). The accounting policies of the Company are based on the IFRS applicable as at December 31, 2022.

Revenue recognition

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers the control of the good(s) to the customer upon delivery and acceptance by the customer. The Company recognizes revenue in an amount that reflects the consideration which the Company expects to receive considering the impact which may arise from any rights of return on sales, price concessions or similar obligations. Net revenue is presented net of taxes, estimated returns, allowances and discounts.

Canada Revenue Agency ("CRA") levies excise taxes on the sale of medical and adult-use cannabis products. The Company becomes liable for these excise duties when cannabis products are delivered to the customer. The excise taxes payable is the higher of (i) a flat-rate duty which is imposed when a cannabis product is packaged, and (ii) an ad valorem duty that is imposed when a cannabis product is delivered to the customer.

Effective May 1, 2019, excise tax calculated on edible cannabis products, cannabis extracts and cannabis topicals is calculated as a flat rate based on the quantity of total tetrahydrocannabinol (THC) contained in the final product. There were no changes in the legislation in calculating excise taxes for fresh cannabis, dried cannabis, seeds and plants. Net sales from sale of goods, as presented on the consolidated statements of comprehensive (loss) income, represents revenue from the sale of goods less applicable excise taxes.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit with financial institutions, demand deposits and short term investments with maturities of less than three months at acquisition.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate in effect on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at the reporting date exchange rate are recognized in net earnings. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

4. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.*Financial instruments*

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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 fair value through profit or loss) 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 fair value through profit or loss are recognized immediately in profit or loss.

- Financial assets

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.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows;

and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL - Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost - Subsequently measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

- Financial liabilities

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 profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

- Financial liabilities and equity instruments

a) Classification as debt or equity: Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b) Equity instruments: An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognized and deducted directly in equity.

- Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics and management intent as outlined below:

Cash	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables	Amortized cost
Shareholder loan	Amortized cost
Lease obligations	Amortized cost
Borrowings	Amortized cost
Convertible debenture	Amortized cost

Biological assets

The Company's biological assets consist of cannabis plants. The Company capitalizes all the direct and indirect costs 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, materials, utilities, facilities costs, quality and testing costs, and production related depreciation. The Company then measures the biological assets at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Cost to sell includes post-harvest production and fulfillment costs. The net unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the consolidated statement of comprehensive income (loss) of the related reporting year. Seeds are measured at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Biological assets - Cont'd.

The following inputs and assumptions were used in determining the fair value of biological assets:

<u>Inputs and assumptions</u>	<u>Description</u>	<u>Correlation between inputs and fair value</u>
Average selling price per gram	Represents the average selling price per gram of dried cannabis net of excise taxes, where applicable, for the period for all strains of cannabis sold, which is expected to approximate future selling prices.	If the average selling price per gram were higher (lower), estimated fair value would increase (decrease).
Average attrition rate	Represents the weighted average number of plants culled at each stage of production.	If the average attrition rate was lower (higher), estimated fair value would increase (decrease).
Weighted average yield per plant	Represents the weighted average number of grams of dried cannabis inventory expected to be harvested from each cannabis plant.	If the weighted average yield per plant was higher (lower), estimated fair value would increase (decrease).
Standard cost per gram to complete production	Based on actual production costs incurred divided by the grams produced in the period.	If the standard cost per gram to complete production was lower (higher), estimated fair value would increase (decrease).
Weighted average effective yield	Represents the estimated percentage of harvested product that meets specifications in order to be sold as a dried cannabis product.	If the weighted average effective yield were higher (lower), the estimated fair value would increase (decrease).
Stage of completion in the production process	Calculated by taking the weighted average number of days in production over a total average grow cycle of approximately twelve weeks.	If the number of days in production was higher (lower), estimated fair value would increase (decrease).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Inventories

Inventories of harvested work-in-progress and finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less cost to sell up to 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, materials, packaging supplies, utilities, facilities costs, quality and testing costs, and production related depreciation. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventory cost is determined using the weighted average cost basis.

The cost of inventories expensed in the year and the direct and indirect costs of shipping and fulfillment including labour related costs, materials, shipping costs, customs and duties, royalties, utilities, facilities costs, and shipping and fulfillment related depreciation will be included on the consolidated statement of comprehensive income (loss).

Property and equipment

Property and equipment are stated at acquisition cost. Amortization is provided at the following methods and annual rates:

Computer software	- 55% declining balance
Computer equipment	- 55% declining balance
Equipment	- 50% declining balance
Furniture and fixtures	- 20% declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

Property and equipment are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs. The estimated useful lives of assets are reviewed by management and adjusted if necessary.

Share-based compensation

The Company has an employee stock option plan. 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. Forfeitures are adjusted for on an actual basis. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For stock options granted to non-employees the compensation expense is measured at the fair value of 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. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from *Contributed surplus - stock options* to *Capital stock*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into, or changed, on or after January 1, 2019, as described in note 13 on IFRS 16 application.

(a) Right-of-use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises 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 or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. Lease terms, including options to renew for which the Company is reasonably certain to exercise, range from 1 to 10 years for building and equipment leases. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(b) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments), the exercise price under a purchase option that the Company is reasonably certain to exercise, and lease payments in an optional renewal period if the Company is reasonably certain to exercise a renewal option. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option, or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of comprehensive income (loss) if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected to exclude from lease liabilities low value leases as well as short term leases, with a term of less than twelve months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

4. **SIGNIFICANT ACCOUNTING POLICIES** - Cont'd.*Convertible debenture*

The Company's segregates convertible debentures into its debt and equity components at the date of issuance. The fair value of the debt component of the convertible debenture is determined at the time of issuance by discounting the future interest obligations and the principal payment amount due at maturity using a discount rate which represents the estimated borrowing rate available to the Company for similar debentures having no conversion features. The remaining portion of the gross proceeds of the debenture issued is presented as the value of the option to convert the debenture into equity, net of the tax implications. The balance which is attributed to equity is accreted to the face value of the convertible debenture over its term to maturity ("term") using the effective interest method. Convertible debenture issue costs are applied against the two components on a pro-rata basis of the allocated proceeds of issue.

The convertible debentures are subsequently recorded at amortized cost at each reporting date using the effective interest method. The carrying value of the debt component is accreted to the original face value of the convertible debentures over the deemed term using the effective interest method. Transaction costs related to the issuance of the convertible debentures are amortized into income over the deemed term of the convertible debentures.

Income taxes

The income tax expense or recovery for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax expense or recovery is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

NOYA HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Critical accounting estimates and judgements

The preparation of these financial statements requires management to make judgments and estimates that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(a) Biological assets and inventory

In calculating the value of the biological assets, management is required to make a number of judgments and estimates, including estimating the stage of growth of the cannabis plants up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plants.

(b) Estimated useful lives and amortization of property and equipment and right-of-use asset

Amortization of property and equipment is dependent upon estimates of useful lives and amortization rates. The amortization methods are judgments based on the Company's assessment of the pattern of use of the assets. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts after taking into account factors such as economic and market conditions.

(c) Valuation of inventory

In calculating the net realizable value (NRV) of inventory, management determines the selling prices based on prevalent sales prices, selling costs, and includes an estimate of spoiled or expired inventory based on the most reliable evidence available at the time, to record inventory at the lower of cost or net realizable value. In calculating inventory values, management is required to determine an estimate of the obsolete inventory and compares the inventory cost to estimated net realizable value.

(d) Convertible debentures

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgments including; discount rates and future cash flows. The conversion option has a fixed conversion rate thus the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual balance, or conversion feature is accounted for as equity at issuance. Warrants issued with convertible debentures are determined using estimates such as volatility, the Company's stock price and risk free interest rate. Transaction costs are apportioned to the debt liability and equity component in proportion to the allocation of proceeds.

(e) Leases

Lease liabilities are initially recognized at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in the lease. In the situation where the implicit interest rate in the lease is not readily determined, the Company uses judgment to estimate the incremental borrowing rate for discounting the lease payments. The Company's incremental borrowing rate generally reflects the interest rate that the Company would have to pay to borrow a similar amount at a similar term and with a similar security. The Company estimates the lease term by considering the facts and circumstances that create an economic incentive to exercise an extension or termination option. Certain qualitative and quantitative assumptions are used when evaluating these incentives.

(f) Share-based compensation

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk free interest rate are used.

NOYA HOLDINGS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

4. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.***Research and development*

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred. Subsequent to initial recognition, capitalized development expenditures are measured at cost less accumulated amortization and impairment losses.

Government assistance - Canada Emergency Wage Subsidy

The Canada Emergency Wage Subsidy (CEWS), a form of temporary government assistance introduced in response to the COVID-19 pandemic, was a subsidy initiated by the federal government to enable employers to re-hire workers previously laid off and to retain those who were already on payroll. The subsidy was calculated as a percentage of eligible remuneration paid by those who experienced a certain level of revenue decline during the program periods.

The subsidy has been recorded in the period to which it relates as long as the amount of the subsidy could be reasonably estimated at that point in time. The amount of the assistance received is reported as *Other expenses (income)* in the consolidated statement of comprehensive income (loss), in the applicable period.

5. **FINANCIAL INSTRUMENTS**

The Company's financial instruments are subject to the following risks:

Credit risk

The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients, a review of outstanding amounts and maintains provisions for estimated uncollectible accounts. Approximately 49% of the Company's accounts receivables are with two customers (2021 - 73% with one customer) and 40% of revenues are with one customer (2021 - 60% with two customers).

The aging of trade receivables is as follows:

	<u>2022</u>	<u>2021</u>
Not past due	\$ 871,529	\$ 2,262,267
1-30 days past due	165,149	414,460
31-60 days past due	22,273	98,764
Greater than 60 days past due	<u>4,034</u>	<u>250,117</u>
	<u>\$ 1,062,985</u>	<u>\$ 3,025,608</u>

The Company also has a term deposit of \$36,887 (2021 - \$36,791) in its Alterna Savings bank account to permit the use of the Alterna VISA card.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

5. FINANCIAL INSTRUMENTS - Cont'd.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Company will encounter difficulty in meeting its financial obligations. The Company manages liquidity risk by monitoring its future cash flow requirements on a regular basis.

The Company is obligated to the following contractual maturities of undiscounted cash flows as at December 31, 2022:

	Carrying amount	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and over	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Trade and other payables	3,678,672	3,678,672	-	-	-	-	-	3,678,672
Royalty payable	2,523,750	2,523,750	-	-	-	-	-	2,523,750
Lease obligations	1,528,605	168,458	170,245	178,381	186,517	188,325	1,677,730	2,569,656
Debenture	<u>7,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>7,000,000</u>
	<u>14,731,027</u>	<u>8,370,880</u>	<u>170,245</u>	<u>178,381</u>	<u>186,517</u>	<u>188,325</u>	<u>6,677,730</u>	<u>15,772,078</u>

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Interest rate risk

The Company's loans bear interest at fixed rates. Consequently, the Company's exposure to interest rate risk is minimal.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates relative to the Canadian dollar. The Company's sales are transacted in Canadian dollars and consequently the Company's cash, accounts receivable and revenues are not exposed to foreign currency fluctuations.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not have any financial instruments that are quoted in an active market and thus management believes the Company is not subject to significant other price risk.

Changes in risk

There have been no significant changes in the Company's risk exposures from the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

5. FINANCIAL INSTRUMENTS - Cont'd.

Fair values

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate fair values due to the short-term nature of these items or being carried at fair value or, for borrowings, interest rates are close to the current market rates. The risk of material change in fair value is not considered to be significant. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 - Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

6. INVENTORIES AND BIOLOGICAL ASSETS

The Company's biological assets consists of cannabis plants from seeds all the way through to mature plants. The changes in the carrying value of biological assets are as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,062,021	\$ 929,996
Production costs capitalized	1,671,303	1,370,748
Changes in fair value due to biological transformation and estimates	4,040,283	5,940,905
Transferred to inventory upon harvest	<u>(6,445,609)</u>	<u>(7,179,628)</u>
	<u>\$ 327,998</u>	<u>\$ 1,062,021</u>

Biological assets are presented at their fair values less costs to sell up to the point of harvest. The Company's biological assets are primarily cannabis plants, and because there is no actively traded commodity market for plants or dried product, the valuation of these biological assets is obtained using valuation techniques where the inputs are based upon unobservable market data.

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on selling prices less the costs to sell at harvest. For in-process biological assets, the fair value at point of harvest is adjusted based on the stage of growth. Stage of growth is determined by the time period from planting to harvest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

6. INVENTORIES AND BIOLOGICAL ASSETS - Cont'd.

The significant estimates used in determining the fair value of cannabis plants are as follows:

- yield per plant;
- stage of growth percentage estimated as costs incurred as a percentage of total cost as applied to the estimated total fair value per gram (less fulfillment costs) to arrive at an in-process fair value for estimated biological assets, which have not yet been harvested;
- percentage of costs incurred for each stage of plant growth.
- fair value selling price per gram less cost to complete and cost to sell.
- destruction/wastage of plants during the harvesting and processing process.

Management's identified significant unobservable inputs, their range of values and sensitivity analysis are presented in the tables below.

	Input values		An increase or decrease of 5% would result in a change to the fair value of approximately	
	2022	2021	2022	2021
Weighted average selling price - Derived from actual retail prices on a per gram basis using the expected Flower and Trim yields per plant.	\$3.81	\$9.53	\$ 24,417	\$ 75,116
Yield per plant - (grams per plant) - Derived from historical grow cycle results on a per strain basis.	515	413	\$ 16,400	43,255
Stage of growth - Derived from the estimates of stage of completion within the harvest cycle.	44%	63%	\$ 16,400	43,255

The Company has determined the fair value less costs to sell of harvested cannabis flower to be approximately \$4.11 (2021 - \$4.44) per gram, harvested cannabis trim to be approximately \$0.10 (2021 - \$0.10) per gram and \$0.04 (2021 - \$0.04) of harvested oil per ml upon harvest for indoor produced cannabis.

Inventories consist of the following:

	2022		2021	
	Grams or millilitres	Value	Grams or millilitres	Value
Dry trim/shake	849,364	\$ 84,936	517,628	\$ 297,855
Dry flower	1,642,199	4,527,553	598,605	4,928,436
Cannabis oil	56,658	247,638	718,651	37,178
Finished product	298,195	1,042,969	311,072	2,300,492
Consumables	-	301,323	-	618,760
Extracts	-	-	30	-
		<u>\$ 6,204,419</u>		<u>\$ 8,182,721</u>

The amount of inventories recognized as an expense in the year was \$2,018,239 (2021 - \$374,261). Year end inventory includes 2,789,758 grams of cannabis (2021 - 1,421,528 grams), 56,658 ml of oil (2021 - 718,651 ml) and nil grams of extracts (2021 - 30 grams).

NOYA HOLDINGS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2022

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities in the consolidated balance sheet were comprised of the following:

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 2,988,114	\$ 2,168,878
Accrued expenses	211,142	943,049
Interest payable on convertible debt	464,774	319,933
Interest payable on royalties	<u>14,642</u>	<u>14,642</u>
	<u>\$ 3,678,672</u>	<u>\$ 3,446,502</u>

Included in trade payables is \$29,304 (2021 - \$29,304) owing to a related party at December 31, 2022.

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Cost:

	<u>Equipment</u>	<u>Furniture and fixtures</u>	<u>Leasehold improvement</u>	<u>Computer equipment</u>	<u>Computer software</u>	<u>Total</u>
Balance at December 31, 2020	\$ 4,485,049	\$ 59,964	\$ 9,216,178	\$ 143,696	\$ 29,773	\$ 13,934,660
Additions	68,509	-	61,551	305	-	130,365
Disposals	-	-	-	-	-	-
Balance at December 31, 2021	<u>4,553,558</u>	<u>59,964</u>	<u>9,277,729</u>	<u>144,001</u>	<u>29,773</u>	<u>14,065,025</u>
Additions	5,391	-	-	8,496	-	13,887
Disposals	-	-	-	-	-	-
Balance at December 31, 2022	<u>4,558,949</u>	<u>59,964</u>	<u>9,277,729</u>	<u>152,497</u>	<u>29,773</u>	<u>14,078,912</u>

Accumulated depreciation and impairment:

Balance at December 31, 2020	3,221,906	24,457	1,981,017	95,643	13,297	5,336,320
Depreciation	535,768	6,621	701,634	21,576	7,358	1,272,957
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance at December 31, 2021	<u>3,757,674</u>	<u>31,078</u>	<u>2,682,651</u>	<u>117,219</u>	<u>20,655</u>	<u>6,609,277</u>
Depreciation	331,158	5,009	635,190	17,075	4,072	992,504
Disposals	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Balance at December 31, 2022	<u>4,088,832</u>	<u>36,087</u>	<u>3,317,841</u>	<u>134,294</u>	<u>24,727</u>	<u>7,601,781</u>

Net book value:

Balance at December 31, 2021	<u>\$ 795,884</u>	<u>\$ 28,886</u>	<u>\$ 6,595,078</u>	<u>\$ 26,782</u>	<u>\$ 9,118</u>	<u>\$ 7,455,748</u>
Balance at December 31, 2022	<u>\$ 470,117</u>	<u>\$ 23,877</u>	<u>\$ 5,959,888</u>	<u>\$ 18,203</u>	<u>\$ 5,046</u>	<u>\$ 6,477,131</u>

During the year ended December 31, 2022, the Company capitalized \$191,140 (2021 - \$308,572) of depreciation to inventory and biological assets. During the year ended December 31, 2022, depreciation and right-of-use asset amortization expensed to the consolidated statement of comprehensive income (loss) were \$801,369 (2021 - \$993,250) and \$92,619 (2021 - \$92,618) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

9. DEBENTURE AND CONVERTIBLE DEBENTURES

Convertible debentures:

A summary of the Company's convertible debentures and changes during the fiscal year is presented below:

	<u>Gross proceeds</u>	<u>Residual equity component</u>	<u>Debt accretion/ debt issue cost</u>	<u>Fair value of liability component</u>
Balance at December 31, 2020	\$ 1,500,000	\$ 208,850	\$ 40,370	\$ 1,331,520
Issued on June 9, 2021	500,000	39,827	-	460,173
Direct issue cost	-	-	10,146	10,146
Interest accretion	-	-	<u>56,720</u>	<u>56,720</u>
Balance at December 31, 2021	<u>2,000,000</u>	<u>248,677</u>	<u>107,236</u>	<u>1,858,559</u>
Debt issue cost	-	-	10,146	10,146
Interest accretion	-	-	<u>131,295</u>	<u>131,295</u>
Balance at December 31, 2022	<u>\$ 2,000,000</u>	<u>\$ 248,677</u>	<u>\$ 248,677</u>	<u>\$ 2,000,000</u>
			<u>2022</u>	<u>2021</u>
Fair value of liability component included in the statement of financial position			\$ 2,000,000	\$ 1,858,559
Current			<u>2,000,000</u>	<u>928,514</u>
Non-current			<u>\$ -</u>	<u>\$ 930,044</u>

The Company entered into a debenture arrangement on November 22, 2019 with Gage Growth Corp. (previously Wolverine Partners Corp.) providing an aggregate principal amount of \$500,000. An additional draw on this debenture was made on June 9, 2021 for \$500,000. The maturity date of the debenture is November 22, 2022, with right to conversion into equity at the option of the holder at \$0.60 per share. The debenture bears interest at the rate of 12% per annum, with interest payable semi-annually in arrears. The entire amount of the debenture is due on the maturity date. The value of the conversion right of \$102,542 (2021 - \$102,542), calculated using a market rate of interest of 15%, was recorded as part of *Contributed surplus - convertible debentures*. The value allocated to the conversion right is amortized using the effective interest rate method.

During the current fiscal year, the Company recorded interest expense and debt accretion of \$191,486 (2021 - \$105,362) included in *Interest on debentures* on the consolidated statement of comprehensive income (loss).

The convertible debenture matured during the year, with the amount remaining outstanding as a December 31, 2022. The Company has not made a payment subsequent to year end nor have there been any new terms entered into subsequent to year end.

NOYA HOLDINGS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

9. DEBENTURE AND CONVERTIBLE DEBENTURES - Cont'd.

The Company also entered into a debenture arrangement on January 2, 2020 with RIV Capital Inc. (previously Canopy Rivers) providing an aggregate principal amount of \$1,000,000. The maturity date of the debenture is January 2, 2023, with the right to conversion into equity at the option of the holder at \$0.60 per share. The debenture bears interest at the rate of 12% per annum, with interest payable and calculated semi-annually in arrears. The entire amount of the debenture is due on the maturity date. As part of the debenture agreement, the Company issued 266,667 warrant certificates to RIV Capital Inc. with an expiration date of January 2, 2023. RIV Capital Inc. has the right to purchase one common share for each warrant at a price of \$0.75 per common share. The conversion and warrant equity value of \$146,136 (2021 - \$146,136), calculated using a market rate of interest of 15%, was recorded to *Contributed surplus - convertible debentures* and amortized using the effective interest rate method. \$78,916 (2021 - \$78,916) of residual equity was attributed to warrants using the Black-Scholes valuation model, with the following assumptions:

Risk-free interest rate	1.68%
Expected life (years)	3
Expected annualized volatility	14.66%
Dividend yield	nil
Weighted average Black-Scholes value of each warrant	\$ 0.29

During the current fiscal year, the Company recorded interest expense and debt accretion of \$179,810 (2021 - \$169,331) included in *Interest on debentures* on the consolidated statement of comprehensive income (loss).

The convertible debenture matured subsequent to year end, with the terms and conditions remaining outstanding. The Company has not repaid the loan nor have new terms been entered into subsequent to year end.

Finance expense for the year ended December 31, 2022 consists of the following:

	<u>2022</u>	<u>2021</u>
Interest on debenture - Gage Growth Corp.	\$ 191,486	\$ 105,362
Interest on debenture - RIV Capital Inc.	179,810	169,331
Interest on loan - 1955185 Ontario Inc.	343,389	304,740
Miscellaneous	<u>(11,920)</u>	<u>(3,947)</u>
	<u>\$ 702,765</u>	<u>\$ 575,486</u>

In fiscal 2020, the Company incurred \$35,878 of financing fees which had been deferred and are being amortized over the term of the debenture arrangement. Total fees of \$35,878, of which \$5,438 was allocated to contributed surplus, net of accumulated amortization of \$30,440 (2021 - \$20,293), have been recorded as a reduction of the debt amount.

Within accounts payable and accrued liabilities, there is \$464,774 (2021 - \$319,933) owing on debentures as at December 31, 2022 on the statement of financial position.

Principal repayments are estimated to be as follows:

2023	\$ 2,000,000
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

9. DEBENTURE AND CONVERTIBLE DEBENTURES - Cont'd.

Debenture:

The Company also entered into a debenture arrangement with RIV Capital Inc. providing an aggregate principal amount of \$5,000,000 on August 3, 2017. In accordance with the Royalty Agreement between RIV Capital Inc. and the Company, in 2019 the debenture was converted to a Royalty Purchase agreement. The debenture has a maturity date of November 16, 2038 and requires annual royalty payments at a rate of \$0.375 per gram sold and annual minimum payment of \$900,000. The royalty expense for the year ended December 31, 2022 was \$900,000 (2021 - \$850,106).

The current outstanding balance is comprised of principal and royalty payable as follows:

	<u>2022</u>	<u>2021</u>
Principal	\$ 5,000,000	\$ 5,000,000
Royalty - recorded in <i>Royalty payable</i> on the consolidated statement of financial position	\$ 2,260,866	\$ 1,360,866

10. INCOME TAXES

Deferred income taxes reflect the impact of loss carryforwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The following deferred tax assets and liabilities have been recognized for accounting purposes.

	<u>2022</u>	<u>2021</u>
Deferred tax assets	\$ 5,001,554	\$ 3,477,484
Deferred tax liabilities	<u>(215,620)</u>	<u>1,727,088</u>
	5,217,174	1,750,396
Valuation allowance	<u>(5,217,174)</u>	<u>(1,750,396)</u>
Net deferred taxes	<u>\$ -</u>	<u>\$ -</u>

Income tax expense varies from the amount that would be computed by applying the basic federal and provincial tax rates to loss on continuing operations before income taxes, shown as follows:

	<u>2022</u>	<u>2021</u>
Comprehensive loss	\$ (7,307,377)	\$ (1,611,839)
Expected rate	<u>26.50%</u>	<u>26.50%</u>
Expected tax benefit	(1,936,455)	(427,137)
Increase (decrease) in taxes resulting from:		
Permanent differences	6,938	31,958
Amortization timing difference	28,415	119,763
Lease accounting	29,040	29,343
Biological assets	322,913	(1,574,339)
Benefit of loss not recorded	1,506,665	1,792,645
Other	2,936	4,478
Non-deductible interest	<u>39,548</u>	<u>23,289</u>
Income tax expense	<u>\$ -</u>	<u>\$ -</u>

NOYA HOLDINGS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

10. **INCOME TAXES** - Cont'd.

The Company has unused non-capital losses of \$18,873,788 which may be carried forward and applied to reduce taxable income of future years. The losses are available for a limited time only and expire as follows:

2042	\$ 5,685,529
2041	6,764,700
2040	1,810,007
2039	3,695,643
2038	552,004
2037	168,595
2036	76,246
2035	51,350
2034	69,714

The Company has not recognized the future tax benefit of these losses unless used to offset deferred tax liabilities.

11. **CAPITAL STOCK**

The Company is authorized to issue an unlimited number of voting common shares.

Common shares

Shares issued are:

	<u>2022</u>	<u>2021</u>
Common shares - 70,148,076 shares (2021 - 69,398,076)	\$ 12,888,071	\$ 12,426,368
Less share issue costs	<u>376,863</u>	<u>376,863</u>
	<u>\$ 12,511,208</u>	<u>\$ 12,049,505</u>

During fiscal 2021, Noya issued 90,000 common shares at \$1.00 per common share to a former employee in exchange for settlement of employee compensation of \$90,000. The total expense recognized for the period resulting from the share-based compensation had been recorded as salaries and benefits in the consolidated statement of comprehensive income (loss) and the corresponding equity component has been recorded in the statement of changes of equity as an increase in equity and share capital.

During fiscal 2022, the Company issued 750,000 common shares after stock options were exercised during the year for net cash consideration of \$461,703. This has been recorded in the statement of changes of equity as an increase in share capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

11. CAPITAL STOCK - Cont'd.

Stock options

The Company has established a stock option plan (the "Plan") for employees and contractors of the Company to purchase common shares. The total number of Optioned Shares to be made available under the Plan will not exceed 10% of the number of issued shares of the Company at the time of the granting of options under the Plan. The options have an expiry date of 4 - 5 years after their grant date and generally vest over 3 years. The option price is based on the market price of the common shares as at the date of the grant.

A summary of the Company's stock options and changes during the fiscal year is presented below:

	2022		2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	6,889,152	\$ 0.40	7,383,152	\$ 0.40
Granted	-	0.40	-	0.40
Exercised	(750,000)	0.40	-	-
Forfeited	(82,000)	0.40	(494,000)	0.40
Outstanding, end of year	<u>6,057,152</u>	<u>\$ 0.40</u>	<u>6,889,152</u>	<u>\$ 0.40</u>
Exercisable, end of year	<u>5,981,819</u>	<u>\$ 0.40</u>	<u>5,183,819</u>	<u>\$ 0.40</u>

The following table summarizes the options outstanding and exercisable as at December 31, 2022:

Exercise Price	Options Outstanding		Options Exercisable
	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Number Exercisable
\$ 0.40	6,057,152	0.71	5,981,819

The fair value of the options granted during fiscal 2020 was determined using the Black-Scholes options pricing model and the following assumptions were used:

Risk-free interest rate	0.42% - 0.50%
Expected life of options (years)	3 - 6
Expected annualized volatility	22.46% - 23.40%
Dividend yield	nil
Weighted average Black-Scholes value of each option	\$0.6040 - \$0.6243

During the year ended December 31, 2022, the Company recorded share based compensation expense of \$26,182 (2021 - \$120,596) which is included on the consolidated statement of comprehensive income (loss).

NOYA HOLDINGS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

11. CAPITAL STOCK - Cont'd.

During the fiscal 2021 year, the Company modified the expiry date of options granted in 2018 from March 1, 2021 to March 1, 2023. The incremental fair value granted as a result of this modification was estimated at the date of modification of January 28, 2021, measured using the Black-Scholes options pricing model where the following assumptions were used:

Risk-free interest rate	0.50%
Expected life of options (years)	2.09
Expected annualized volatility	30.33%
Dividend yield	nil
Weighted average Black-Scholes value of each option	\$0.6058

The resulting incremental fair value was determined to be \$24,624 and was recorded as part of *Share-based compensation expense* on the consolidated statement of comprehensive income (loss) in 2021.

On December 31, 2022, 682,000 (2021 - 600,000) options remained available for future grants.

Warrants

During the year ended December 31, 2019, the Company issued 533,334 warrants in equal amounts to two parties with 50% expiring in each of November 2022 and January 2023 with an exercise price of \$0.75 per share. The warrant equity value of \$157,077 was calculated using the Black-Scholes valuation model with the following assumptions:

Risk-free interest rate	1.68%
Expected life (years)	3
Expected annualized volatility	14.66%
Dividend yield	nil
Weighted average Black-Scholes value of each warrant	\$ 0.29

The warrants expired during the year and subsequent to year end, with the terms and conditions remaining outstanding.

Contributed surplus as at December 31, 2022 consists of the following:

	Share-based compensation	Gage Growth Corp.	RIV Capital Inc.	Total
Balance, December 31, 2020	\$ 4,269,123	\$ 140,875	\$ 146,136	\$ 4,556,134
Share-based compensation expense	180,426	-	-	180,426
Incremental fair value of stock options	24,624	-	-	24,624
Forfeited stock options	(84,454)	-	-	(84,454)
Value of conversion right on convertible debt	-	39,827	-	39,827
Balance, December 31, 2021	4,389,719	180,702	146,136	4,716,558
Share-based compensation expense	26,182	-	-	26,182
Share options exercised	(161,703)	-	-	(161,703)
Balance, December 31, 2022	<u>\$ 4,254,198</u>	<u>\$ 180,702</u>	<u>\$ 146,136</u>	<u>\$ 4,581,037</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

12. RELATED PARTY TRANSACTIONS

Transactions with related parties consist of cost sharing and cash advances. These transactions occurred in the normal course of business and have been recorded at their exchange amount which is the amount agreed upon by the related parties. The entities are related by virtue of common ownership.

	<u>2022</u>	<u>2021</u>
Short-term:		
(a) Due to shareholders	\$ 1,581,880	\$ 1,497,910
(b) Due to 1826458 Ontario Inc.	<u>693,270</u>	<u>973,566</u>
	2,275,150	2,471,476
Long-term:		
(c) Due to 1955185 Ontario Inc.	<u>3,050,972</u>	<u>2,707,583</u>
	<u>\$ 5,326,122</u>	<u>\$ 5,179,059</u>

(a) Advances from shareholders are non-interest bearing, unsecured and have no specified terms of repayment. The balance is not expected to be reduced materially over the next year.

(b) All advances from 1826458 Ontario Inc. are unsecured, non-interest bearing and have no specified terms of repayment.

(c) On February 27, 2019, the Company entered a loan agreement with 1955185 Ontario Inc. to borrow \$1,000,000 with February 27, 2025 maturity date. The loan bears an interest rate of 12% per annum.

The Company also entered into a second loan agreement with 1955185 Ontario Inc. to borrow another \$1,000,000 on March 26, 2019. The loan bears an interest rate of 12% per annum and matures on March 26, 2025. Interest recorded on the loans is \$343,389 (2021 - \$304,740).

Key management personnel compensation:

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the business activities of the Company and include the directors and senior management (CEO and Senior Finance Manager).

Key management personnel compensation comprised the following:

	<u>2022</u>	<u>2021</u>
Salaries and benefits	\$ 200,000	\$ 200,000
Share-based compensation	<u>-</u>	<u>-</u>
Total	<u>\$ 200,000</u>	<u>\$ 200,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

13. LEASES

Right-of-use assets capitalized on the statement of financial position are as follows:

Balance as at January 1, 2021	\$ 1,458,072
Depreciation	<u>(92,618)</u>
Balance as at December 31, 2021	1,365,454
Depreciation	<u>(92,619)</u>
Balance as at December 31, 2022	<u>\$ 1,272,835</u>

Lease liabilities are presented on the statement of financial position as follows:

Balance as at January 1, 2021	\$ 1,591,426
Payment of the lease obligations	<u>(154,116)</u>
Interest expense on lease obligations	<u>126,381</u>
Lease obligations as at December 31, 2021	1,563,691
Payment of the lease obligations	<u>(160,323)</u>
Interest expense on lease obligations	<u>125,237</u>
Lease obligations as at December 31, 2022	<u>\$ 1,528,605</u>

The Company's leases consist of manufacturing and office space in Canada. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the consolidated statement of financial position as a right-of-use asset and corresponding lease liability.

The Company's incremental borrowing rate is 8%.

The Company leases three properties, with lease terms of 5 to 10 years. The leases expire in 2027 and 2024.

Contractual undiscounted cash flows:

	<u>2022</u>	<u>2021</u>
Less than 1 year	\$ 168,458	\$ 160,322
Between 1 and 5 years	723,468	703,601
More than 5 years	<u>1,677,730</u>	<u>1,866,056</u>
Total undiscounted lease liabilities	<u>\$ 2,569,656</u>	<u>\$ 2,729,979</u>
Lease liabilities included in the statement of financial position	\$ 1,528,605	\$ 1,563,691
Current	<u>47,835</u>	<u>36,219</u>
Non-current	<u>\$ 1,480,770</u>	<u>\$ 1,527,472</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2022

13. **LEASES** - Cont'd.

Amounts recognized in consolidated statement of comprehensive income (loss):

	<u>2022</u>	<u>2021</u>
Interest on lease liabilities	\$ 125,237	\$ 126,381
Expenses relating to short-term leases	\$ 15,915	\$ 83,116

Amounts recognized in consolidated statement of cash flows:

	<u>2022</u>	<u>2021</u>
Amortization of right-of-use assets	\$ 92,618	\$ 92,618
Leases, net	\$ (35,086)	\$ (27,735)

14. **GOVERNMENT ASSISTANCE**

The Company applied for the Canada Emergency Wage Subsidy ("CEWS") program related to COVID-19 during the prior year. The amount of wage subsidy attributable to the Company's December 31, 2022 fiscal year is reported within *Other expenses (income)* in the consolidated statement of comprehensive income (loss):

	<u>2022</u>	<u>2021</u>
Canada Emergency Wage Subsidy	\$ -	\$ 622,123

15. **CONTINGENCIES**

On December 2, 2021, a statement of claim was filed against Noya Cannabis Inc. (a wholly owned subsidiary of Noya Holdings Inc.) for breach of contract. The Plaintiff is claiming total damages of \$1,994,537, composed of the following:

- \$1,494,537 (outstanding advance payment and sales refund)
- \$500,000 (punitive damages)

Recorded in the financial statements is deferred revenue of \$957,537 that pertains to the claim referenced above.

16. **COMPARATIVE FIGURES**

The comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

NOYA HOLDINGS INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

Assets		2023
		Total
Current Assets		
Cash		1,000,507
Accounts Receivable		1,567,915
Biological Assets		299,511
Inventory		2,735,510
Prepaid Expenses		461,113
		6,064,555
Property and Equipment		5,704,872
Right of Use Asset		1,250,088
Long-Term Deposits		37,802
		13,057,317
Liabilities and Net Deficit		
		2023
Current Liabilities		Total
Accounts Payable and Accrued Liabilities		3,663,500
Government Remittance Payable		(24,192)
Royalty Payable		3,501,256
Interest Payable		572,773
Deferred Revenue		957,537
Convertible Debenture		2,000,000
Loan Payable		-
Due to Related Parties		-
Current Portion of Lease Obligation		-
		10,670,873
Debenture		5,000,000
Due to Related Parties		4,544,941
Lease Obligations		1,536,353
		21,752,167
Net Deficit		
Capital Stock		12,511,210
Contributed Surplus - Stock Options		4,279,091
Contributed Surplus - Convertible Debentures		176,103

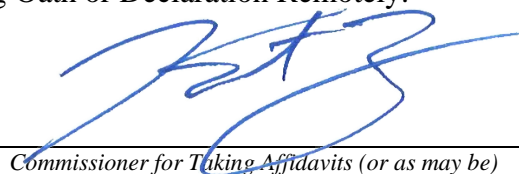
Warrants Related to Debt Financing	75,367
Warrants Related to Licensing Agreement	75,367
Non-Controlling Interest	-
Deficit	<u>(25,811,988)</u>
	<u>(8,694,850)</u>
	<u>13,057,317</u>
Check	-

NOYA HOLDINGS INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2024

Assets		2024
		Total
Current Assets		
Cash		617,741
Accounts Receivable		1,112,264
Biological Assets		159,425
Inventory		1,060,062
Prepaid Expenses		388,524
		3,338,017
Property and Equipment		5,188,691
Right of Use Asset		1,250,088
Long-Term Deposits		37,802
		9,814,598
Liabilities and Net Deficit		
		2023
Current Liabilities		Total
Accounts Payable and Accrued Liabilities		2,964,113
Government Remittance Payable		(308,623)
Royalty Payable		3,679,036
Interest Payable		599,690
Deferred Revenue		957,537
Convertible Debenture		2,000,000
Loan Payable		400,000
Due to Related Parties		-
Current Portion of Lease Obligation		-
		10,291,754
Debenture		5,000,000
Due to Related Parties		4,622,831
Lease Obligations		1,536,353
		21,450,938
Net Deficit		
Capital Stock		12,511,210
Contributed Surplus - Stock Options		4,279,091
Contributed Surplus - Convertible Debentures		176,103

Warrants Related to Debt Financing	75,367
Warrants Related to Licensing Agreement	75,367
Non-Controlling Interest	-
Deficit	-
	<u>(11,636,340)</u>
	<u>9,814,598</u>
Check	(0)

This is Exhibit "G" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

Noya Holdings Inc. / Noya Cannabis Inc.
Consolidated Cash Flow Forecast
for the period October 7, 2024 to January 5, 2025
(CAD \$)

Week Ending (Sunday)	Notes	1 13-Oct-24	2 20-Oct-24	3 27-Oct-24	4 3-Nov-24	5 10-Nov-24	6 17-Nov-24	7 24-Nov-24	8 1-Dec-24	9 8-Dec-24	10 15-Dec-24	11 22-Dec-24	12 29-Dec-24	13 5-Jan-25	Total 13 Weeks
Receipts															
Receipts from Operations	1	-	418,857	382,544	319,200	572,000	-	758,163	375,000	312,125	-	217,625	-	5,000	3,360,514
Total Receipts		-	418,857	382,544	319,200	572,000	-	758,163	375,000	312,125	-	217,625	-	5,000	3,360,514
Disbursements															
Operating Disbursements															
Production Costs (Schedule 'A')	2	(13,188)	(64,148)	(333,832)	(450,900)	(119,688)	(243,050)	(273,000)	(18,600)	(69,688)	(234,950)	(290,688)	(281,450)	(70,338)	(2,463,517)
Payroll	3	-	(60,994)	-	(57,484)	(24,033)	(56,580)	-	(58,080)	(24,033)	(58,080)	-	(58,080)	(24,033)	(421,398)
Rent	4	(18,181)	-	-	-	(18,181)	-	-	-	(18,181)	-	-	-	(18,181)	(72,724)
Insurance	5	-	-	(5,076)	-	-	-	-	(5,076)	-	-	-	(5,076)	-	(15,229)
Taxes	6	-	-	-	(15,000)	-	-	-	(15,000)	-	-	-	(15,000)	-	(45,000)
Other Operating Expenses	7	(8,000)	(24,669)	(27,247)	(41,500)	(120,610)	(2,600)	(66,395)	(1,500)	(195,610)	(2,600)	(16,395)	(126,500)	(5,900)	(639,525)
Capital	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Disbursements		(39,368)	(149,810)	(366,155)	(564,884)	(282,512)	(302,230)	(339,395)	(98,256)	(307,512)	(295,630)	(307,082)	(486,106)	(118,452)	(3,657,392)
Net Cash From Operations		(39,368)	269,047	16,389	(245,684)	289,488	(302,230)	418,768	276,744	4,613	(295,630)	(89,457)	(486,106)	(113,452)	(296,878)
Financing Disbursements															
Interest	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Royalties	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring/Professional Fees	11	-	(50,000)	(50,000)	-	(50,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(350,000)
Net Cash Flows		(39,368)	219,047	(33,611)	(245,684)	239,488	(327,230)	393,768	251,744	(20,387)	(320,630)	(114,457)	(511,106)	(138,452)	(646,878)
Cash															
Beginning Balance		272,031	232,663	451,710	418,100	172,416	399,904	72,674	466,442	718,185	697,799	377,169	509,899	224,792	272,031
Net Receipts/(Disbursements)		(39,368)	219,047	(33,611)	(245,684)	239,488	(327,230)	393,768	251,744	(20,387)	(320,630)	(114,457)	(511,106)	(138,452)	(646,878)
DIP Advance/(Repayments)	12	-	-	-	-	-	-	-	-	-	-	247,188	226,000	-	473,188
DIP Fees and Interest Payments	13	-	-	-	-	(12,000)	-	-	-	-	-	-	-	(1,609)	(13,609)
Ending Balance		232,663	451,710	418,100	172,416	399,904	72,674	466,442	718,185	697,799	377,169	509,899	224,792	84,732	84,732

Schedule 'A'															
Production Costs															
Nutrients					(20,000)								(20,000)		(40,000)
Net Pots			(11,765)										(12,000)		(23,765)
Cleaning					(1,500)								(1,500)		(3,000)
Hydrotrons					(4,000)								(4,000)		(8,000)
Utilities - Alectra					(4,000)	(100,000)			(4,000)	(50,000)			(4,000)	(50,000)	(212,000)
Utilities - Linde					(5,000)	(1,100)			(5,000)	(1,100)			(5,000)	(1,100)	(18,300)
Lab Testing		(1,250)	(6,500)	(1,250)	(1,250)	(1,250)	(15,000)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(1,250)	(35,250)
Cintas		(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(2,700)	(35,100)
Ample - Seed to Sale Software		(4,238)				(4,238)					(4,238)			(4,238)	(16,950)
Growlink					(650)				(650)					(650)	(1,950)
Purchased Cannabis			(38,182)	(291,832)	(406,800)		(220,350)	(226,000)			(226,000)	(247,188)	(226,000)		(1,882,352)
Repairs and Maintenance		(2,000)	(2,000)	(30,000)	(2,000)	(2,000)	(2,000)	(30,000)	(2,000)	(2,000)	(2,000)	(30,000)	(2,000)	(2,000)	(110,000)
Generator Rental				(5,050)				(5,050)				(5,050)			(15,150)
Other		(3,000)	(3,000)	(3,000)	(3,000)	(8,400)	(3,000)	(8,000)	(3,000)	(8,400)	(3,000)	(4,500)	(3,000)	(8,400)	(61,700)
Total Production Costs		(13,188)	(64,148)	(333,832)	(450,900)	(119,688)	(243,050)	(273,000)	(18,600)	(69,688)	(234,950)	(290,688)	(281,450)	(70,338)	(2,463,517)

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
NOYA CANNABIS HOLDINGS INC. AND NOYA CANNABIS INC.
(each an “Applicant” and collectively the “Applicants”)**

Notes to the Unaudited cash flow forecast of the Applicants

In preparing this cash flow forecast (the “**Cash Flow Forecast**”) the Applicants have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the operations of the Applicants and additional information discussed below with respect to the requirements of a Companies Creditors Arrangements Act (“**CCAA**”) filing. Since the Cash Flow Forecast is based upon assumptions of future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurances that any of the estimates, forecasts or projections will be realized.

Overview

The Cash Flow Forecast includes the receipts and disbursements of all of the Applicants during the Cash Flow Forecast period. The Applicants, with the assistance of BDO Canada Limited in its capacity as the proposed monitor of the Applicants (the “**Proposed Monitor**”) have prepared the Cash Flow Forecast based primarily on estimated disbursements related to the CCAA proceedings and on the ongoing operations.

Assumptions

Cash Receipts

1	Receipts from Operations	Receipts from operations are based on management expectations for sales and collections. Forecast is based on current payment terms, historical collections timing and expected demand.
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Disbursements

2	Production costs	Production costs includes the cost of operating the grow facility and the purchase of cannabis from third party suppliers to supplement in house production. Additional detail of production costs is provided in Schedule ‘A’ to the Cash Flow Forecast.
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3	Payroll	Payroll is based on historical payroll amounts adjusted for any changes in planned headcount.
4	Rent	Rent includes payment to landlord for Noya grow site and storage facility under terms of the existing lease, which matures on June 30, 2027.
5	Insurance	Insurance includes general commercial, D&O, and equipment breakdown with premiums paid as currently scheduled.
6	Taxes	Remittance of HST and GST collected as due. Excise tax is not applicable on business to business sales.
7	Other operating expenses	Other operating expenses include commissions paid on purchased cannabis, Health Canada fees, freight, and other selling, general and administrative expenses.
8	Capital	No capital expenditures are anticipated during the Cash Flow Forecast period.
9	Interest	Not applicable during the Cash Flow Forecast period.
10	Royalties	Not applicable during the Cash Flow Forecast period.
11	Restructuring / Professional fees	Estimated professional fees of the Applicants' legal counsel, the Monitor and the Monitor's legal counsel.
12	DIP Advance	The Applicants will be seeking approval at the comeback motion of a Debtor in possession facility ("DIP Facility") as a contingency for variance in the timing of receipts and disbursements and any unforeseen circumstances. No advances on the DIP Facility are forecast.
13	DIP Fees	A DIP set-up fee is anticipated in Week 4 of the Cash Flow Forecast.

This is Exhibit “H” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

RIV CAPITAL CORPORATION

and

LENDING STREAM INC.

and

2586335 ONTARIO INC.

dated as of

December 20, 2023

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PURCHASE AGREEMENT

This Purchase Agreement (this "**Agreement**"), dated as of December 20, 2023, is entered into between RIV CAPITAL CORPORATION (formerly Canopy Rivers Corporation), a corporation existing under the laws of the Province of Ontario (the "**Vendor**") and LENDING STREAM INC., a corporation existing under the laws of the Province of Ontario (the "**Secured Purchaser**") and 2586335 ONTARIO INC. (the "**Equity Purchaser**" and together with the Secured Purchaser, the "**Purchaser**").

RECITALS:

- A. The Vendor owns 17,588,424 common shares (the "**Purchased Shares**") in the capital of NOYA HOLDINGS INC. (formerly RADICLE CANNABIS HOLDINGS INC.), a corporation existing under the laws of the Province of Ontario (the "**Corporation**");
- B. Pursuant to a convertible debenture dated January 2, 2020 issued by the Corporation to the Vendor in the aggregate principal amount \$1,000,000 due January 2, 2023 (the "**Convertible Debenture**"), the Corporation is indebted and liable to the Vendor in the amount of CAD\$1,300,985 as of the date hereof, inclusive of accrued interest, and other amounts (such obligations and liabilities being the "**Debenture Debt**");
- C. Pursuant to a royalty agreement (the "**Royalty Agreement**") dated August 4, 2017 between NOYA CANNABIS INC. (formerly RADICLE MEDICAL MARIJUANA INC.) ("**NCI**"), a wholly-owned subsidiary of the Corporation, and the Vendor, NCI has certain obligations and liabilities to the Vendor (such obligations and liabilities being the "**Royalty Interest**");
- D. The Corporation and NCI have each executed and delivered in favour of the Vendor documents evidencing the Debenture Debt and certain guarantees and security listed in Schedule "A" hereto (collectively, the "**Debenture Security**"), as continuing security for the payment of the Debenture Debt;
- E. The Corporation and NCI have each executed and delivered in favour of the Vendor documents evidencing the Royalty Interest and certain guarantees and security listed in Schedule "A" hereto (collectively, the "**Royalty Security**" and together with the Debenture Security, the "**Security**" and together with the Purchased Shares, the Convertible Debenture, the Debenture Debt, the Royalty Agreement, and the Royalty Interest, the "**Purchased Assets**"), as continuing security for the payment of the Royalty Interest; and
- F. The Vendor wishes to sell to Purchaser, and Purchaser wishes to purchase from Vendor, the Purchased Assets, subject to the terms and conditions set forth herein.

NOW THEREFORE in consideration of the respective covenants, agreements, representations, warranties and indemnities herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms and expressions have the following meanings:

"**Agreement**" means this purchase agreement, as the same may be amended, supplemented or restated from time to time;

"**Arm's Length**" has the meaning given to it in the Tax Act;

"**Business Day**" means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Ontario or a day on which banking institutions in Toronto, Ontario are authorized or obligated by Law to be closed;

"**Closing**" means the completion of the transactions set forth in Section 2.1;

"**Closing Date**" shall take place on the date hereof. All transactions at the Closing shall be deemed to take place simultaneously, and no transaction shall be deemed to have been completed and no documents or certificates shall be deemed to have been delivered until all other transactions are completed and all other documents and certificates are executed and delivered, provided that the Purchased Shares shall be deemed to be transferred effective as of December 31, 2023;

"**Closing Payment**" has the meaning given to it in Section 2.3(a);

"**Closing Time**" means 10:00 o'clock in the a.m. in the City of Toronto, Ontario on the Closing Date or such other time on the Closing Date as the Purchaser and the Vendors may agree upon as the time at which the Closing shall take place;

"**Contract**" means any contract, agreement, mortgage, indenture, deed of trust, lease, license or other commitment, obligation or instrument, whether written or oral;

"**control**" (including the terms "controlling", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;

"**Convertible Debenture**" has the meaning given to it in the Recitals;

"**Debenture Debt**" as the meaning given to it in the Recitals;

"**Debenture Security**" has the meaning given to it in the Recitals;

"**Encumbrances**" means mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;

"**Governmental Authority**" means any government, regulatory or administrative authority, agency, commission, utility or board (federal, provincial, state, municipal or local, domestic or foreign) having jurisdiction in the relevant circumstances;

"**Law**" or "**Laws**" means any applicable statute, law, ordinance, rule, regulation, order, judgment or decree enacted, adopted, issued or promulgated by any Governmental Authority;

"**Note**" has the meaning given to it in the Section 2.3;

"**NCI**" has the meaning given to it in the Recitals;

"**Pari Passu Agreement**" has the meaning given to it in Schedule "A";

"**Parties**" means, collectively, the Secured Purchaser, the Equity Purchaser and the Vendor;

"**Person**" includes any individual, corporation, partnership, firm, joint venture, syndicate, association, trust, enterprise, unincorporated organization, Governmental Authority and any other form of entity or organization;

"**Purchased Assets**" has the meaning given to it in the Recitals;

"**Purchased Shares**" has the meaning given to it in the Recitals;

"**Purchase Price**" has the meaning given to it in Section 2.2;

"**RIV**" means RIV Capital Inc.;

"**Royalty Agreement**" has the meaning given to it in the Recitals;

"**Royalty Interest**" has the meaning given to it in the Recitals;

"**Royalty Security**" has the meaning given to it in the Recitals;

"**Security**" has the meaning given to it in the Recitals;

"**Subordination Agreement**" has the meaning given to it in Schedule "A";

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Transaction Documents**" means this Agreement, the Purchase Price Security and all Contracts, documents, certificates and other instruments delivered or given pursuant to this Agreement; and

"**Tripartite Agreement**" has the meaning given to it in Schedule "A".

1.2 Currency

Unless otherwise specified, all references to monetary amounts in this Agreement are expressed in the currency of Canada. The term "Canadian Dollars" and the symbol "\$" each means lawful money of Canada.

1.3 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated, in all respects, as an Ontario contract. The Parties hereby irrevocably attorn to the exclusive jurisdiction of the courts of Ontario with respect to any matter arising under or related to this Agreement.

1.4 Interpretation Not Affected by Headings

The division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular section, subsection or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to "Article" and "Section" are to articles, sections, subsections and further subdivisions of sections of this Agreement.

1.5 Extended Meanings

In this Agreement, pronouns in masculine, feminine, and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. The term "including" means "including without limitation".

1.6 Time of Essence

Time shall be of the essence of every provision of this Agreement.

1.7 Severability

Each provision contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any of the other provisions hereof.

1.8 Statutory Instruments

All references herein to any statute, law, by-law, rule, regulation, order or act of any Governmental Authority shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.

ARTICLE 2 **PURCHASE AND SALE**

2.1 Purchase and Sale of the Purchased Assets

On the terms and subject to the conditions of this Agreement:

- (a) the Vendor agrees to sell, assign, convey and transfer to the Secured Purchaser, and the Secured Purchaser agrees to purchase from the Vendor, effective as of the Closing Time, all of the Vendor's right, title and interest in, to and under, and all claims of whatsoever nature or kind which the Vendor now has or may hereafter have under or pursuant to the Purchased Assets other than the Purchased Shares, free and clear of any and all Encumbrances; and
- (b) the Vendor agrees to sell, assign, convey and transfer to the Equity Purchaser, and the Equity Purchaser agrees to purchase from the Vendor, effective as of the Closing Time, all of the Vendor's right, title and interest in, to and under, and all claims of whatsoever nature or kind which the Vendor now has or may hereafter have under or pursuant to the Purchased Shares, free and clear of any and all Encumbrances;

provided that the Purchased Shares shall be deemed to be transferred effective as of December 31, 2023.

2.2 Purchase Price for the Purchased Assets

- (a) The aggregate purchase price for the Purchased Assets shall be \$1,400,000 (the "**Purchase Price**") payable by the Purchaser to the Vendor in accordance with Section 2.3.
- (b) GST/HST. The Vendor and the Purchaser acknowledge that the Purchase Price does not include any goods and services tax or harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada) ("**GST/HST**"). If any GST/HST is payable in respect of the purchase and sale of the Purchased Assets, the Purchaser shall pay to the Vendor, immediately upon demand, such amounts and the Vendor shall remit on a timely basis such payment to the Canada Revenue Agency (and to any applicable provincial taxation authority) and provide to the Purchaser evidence in writing of such remittance.
- (c) Purchase Price Allocation. The Purchase Price shall be allocated among the Purchased Assets as agreed by the Parties. Such allocation shall be binding, and the Vendor and the Purchaser shall report the purchase and sale of the Purchased Assets and file all filings which are necessary or desirable under the Tax Act to give effect to such allocations and shall not take any position or action inconsistent with such allocation.

2.3 Satisfaction of the Purchase Price

The Purchase Price shall be paid and satisfied as follows:

- (a) at the Closing Time, the Secured Purchaser shall pay to the Vendor \$1,375,000 (the "**Closing Payment**"); and
- (b) at the Closing Time, the Equity Purchaser shall issue to the Vendor a promissory note (as the same may be amended, restated, amended and restated, supplemented

or otherwise modified from time to time, the "Note") for the balance of the Purchase Price, being the sum of \$25,000, to be paid on the maturity date thereof, which shall be December 31, 2023.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE VENDOR

3.1 Representations and Warranties as to the Vendor

The Vendor represents and warrants to the Purchaser as follows:

- (a) Authority: The Vendor has all necessary power, capacity and authority to execute and deliver this Agreement and the Transaction Documents to be executed and delivered by it, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated herein and therein.
- (b) Execution and Enforceability: This Agreement and the Transaction Documents to be executed and delivered by the Vendor have been duly executed and delivered by the Vendor and are legal, valid and binding obligations of the Vendor, enforceable against it in accordance with their respective terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights generally, and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances.
- (c) No Action Affecting Transfer: There are no orders, actions or other legal proceedings, nor are there any threatened or pending orders, actions or other legal proceedings, which if determined adversely, would prevent or restrict the Vendor from completing the Closing and the transactions contemplated herein and in the Transaction Documents.
- (d) No Violation: The execution and delivery by the Vendor of this Agreement and the Transaction Documents to be executed and delivered by it, the performance by the Vendor of its obligations hereunder and thereunder, and the completion of the Closing and the transactions contemplated in the Transaction Documents, do not (whether after the passage of time or notice or both):
 - (i) constitute a material violation or breach of or default under, or conflict with, or cause the acceleration of any provision of:
 - (A) any material Contract to which the Vendor is a party;
 - (B) any order or award of any Governmental Authority or any permit held by the Vendor;
 - (C) any Law applicable to the Vendor; or

- (ii) result in the creation or imposition of any Encumbrance over any of the Purchased Assets (other than those in favour of the Purchaser or any of its assignees, designees or agents in accordance with the purchase and sale of the Purchased Assets pursuant to this Agreement).
- (e) Ownership: The Vendor is the registered and beneficial owner of the Purchased Assets with good and marketable title thereto, free and clear of any and all Encumbrances. The Vendor has the exclusive right and full power to sell, transfer and assign the Purchased Assets to the Purchaser free and clear of any Encumbrances.
- (f) Security, No Release: The Security listed on Schedule "A" includes all the agreements and documents which grant a security interest (as defined in the *Personal Property Security Act (Ontario)*) in favour of the Vendor, currently held by the Vendor in respect of the Debenture Debt and Royalty Interest. The Vendor has not released, discharged or previously assigned all or any part of the Convertible Debenture, Security or the Debenture Debt to any other party.
- (g) No Other Agreements to Purchase: Except for the Purchaser's right pursuant to this Agreement, no Person has any Contract, option or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a Contract, option or commitment or right or privilege for the purchase or acquisition from the Vendor of the Purchased Assets or any part thereof.
- (h) Consents and Approvals: There is no requirement for the Vendor to make any filing with, give any notice to or to obtain any permit, certificate, registration, authorization, consent or approval of, any Governmental Authority (A) as a condition to the lawful consummation of the transactions contemplated hereby, or (B) to sell the Purchased Assets as contemplated hereby.
- (i) Status: The Vendor is not a non-resident of Canada for the purposes of the Tax Act.
- (j) No Indebtedness: Neither the Vendor nor any Person who does not deal at Arm's Length with the Vendor has loaned any money to the Corporation which loan remains outstanding, other than with respect to the Convertible Debenture, the Debenture Debt, the Royalty Agreement or the Royalty Interest.
- (k) No Broker: There is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of the Vendor that is entitled to any fee or commission in connection with the completion of the transactions contemplated hereunder.
- (l) No other Representations or Warranties: Except for the representations and warranties set out in this Section 3.1, neither the Vendor nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of the Vendor, including any representation or warranty as to the accuracy or completeness of any information regarding the Purchased

Assets furnished or made available to the Purchaser, or any representation or warranty arising from statute or otherwise in Law.

3.2 No Representations or Warranties

Subject to the representations set out in Section 3.1 of this Agreement, the Vendor and RIV do not:

- (a) make any representations, warranties, covenants, agreements, promises or statements, express or implied or by statute, as to any cause, matter or thing whatsoever, including, without limitation, with respect to or in connection with the Purchased Assets or any other instrument or document furnished pursuant hereto except as set out in this Agreement; or
- (b) make any representation or warranty or assume any responsibility with respect to the financial condition of the Corporation or NCI, or the performance or observance by the Borrower or NCI of any of the covenants or obligations under the Purchased Assets or any other instrument or document furnished pursuant thereto.

ARTICLE 4 **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

4.1 Representations and Warranties of the Purchaser

Each of the Secured Purchaser and the Equity Purchaser hereby represents and warrants to the Vendor as follows:

- (a) Existence: The Purchaser is a corporation validly existing under the laws of the Province of Ontario.
- (b) Authority: The Purchaser has all necessary corporate power and authority to execute and deliver this Agreement and the Transaction Documents to be executed and delivered by the Purchaser, to perform its obligations hereunder and thereunder, and to consummate the transactions contemplated herein and therein. The Purchaser has taken all necessary action required by it or on its part to authorize its execution and delivery of this Agreement and the Transaction Documents to be executed and delivered by it and the performance of its obligations hereunder and thereunder.
- (c) Execution and Enforceability: This Agreement and the Transaction Documents to be executed and delivered by the Purchaser have been duly executed and delivered by it and are legal, valid and binding obligations of the Purchaser, enforceable against it in accordance with their respective terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws affecting creditors' rights generally, and (ii) equitable principles which may limit the availability of certain equitable remedies (such as specific performance) in certain instances.

- (d) No Violation: The execution and delivery by the Purchaser of this Agreement and the Transaction Documents to be executed and delivered by it, the performance by the Purchaser of its obligations hereunder and thereunder, and the completion of the Closing and the transactions contemplated in the Transaction Documents, do not (whether after the passage of time or notice or both) constitute a material violation or breach of or default under, or conflict with, or cause the acceleration of any provision of:
- (i) any material Contract to which the Purchaser is a party;
 - (ii) any terms or provisions of the Purchaser's constating documents;
 - (iii) any order or award of any Governmental Authority or any permit held by the Purchaser; or
 - (iv) any Law applicable to the Purchaser.
- (e) No Broker: There is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of the Purchaser that is entitled to any fee or commission in connection with the completion of the transactions contemplated hereunder.
- (f) Solvency; Sufficiency of Funds: The Purchaser has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.
- (g) Legal Proceedings: There are no actions pending or, to the Purchaser's knowledge, threatened against or by the Purchaser that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.
- (h) Independent Investigation: The Purchaser has conducted its own independent investigation, review and analysis of the Purchased Assets. The Purchaser acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, the Purchaser has relied solely upon its own investigation and the express representations and warranties of the Vendor set forth in Section 3.1; and (b) neither the Vendor nor any other Person has made any representation or warranty as to the Vendor, its business, the Purchased Assets or this Agreement, except as expressly set forth in Section 3.1.

ARTICLE 5 **COVENANTS**

5.1 Public Announcements

Except as may be required to comply with the requirements of any applicable Law or by a Governmental Authority, no press release, public statement or announcement or other public disclosure with respect to this Agreement or the transaction contemplated by this Agreement may

be made by any Party except with the prior written approval of the Purchaser and the Vendor as to the form, nature and extent of the disclosure, which approval shall not be unreasonably withheld, conditioned or delayed. Where a public disclosure is required by Law or by a Governmental Authority, each party will use its commercially reasonable efforts to obtain the comments and approval of the Purchaser and the Vendor as to the form, nature and extent of the disclosure and any proposed redactions, which comments and approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, the Purchaser acknowledges that RIV is a reporting issuer subject to various continuous disclosure requirements under applicable securities Laws, and as such RIV will be permitted to make all such filings and disclosures concerning the transactions contemplated by this Agreement as RIV reasonably determines is necessary in order to meet the timely disclosure obligations of RIV under applicable securities Laws or stock exchange rules without the prior consent or notice to the Purchaser. For greater certainty, the Purchaser acknowledges that RIV and the Vendor shall not be required to obtain the prior consent of the Purchaser with respect to disclosures concerning the Agreement and the transactions contemplated by this Agreement, in, without limitation, the financial statements and management discussions and analysis of RIV.

ARTICLE 6

CLOSING ARRANGEMENTS

6.1 Closing

The Closing shall take place on the Closing Date via the exchange of electronic documents and shall be effective as of the Closing Time.

6.2 Proceedings and Documents

All proceedings to be taken and all documents to be executed and delivered by the Parties at the Closing shall be deemed to have been taken and executed and delivered simultaneously and no proceedings shall be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

6.3 Closing Deliveries of the Vendor

At the Closing, the Vendor shall deliver to the Purchaser the following:

- (a) share certificate evidencing the Purchased Shares, free and clear of all Encumbrances, duly endorsed in blank or accompanied by forms of share transfers or other instruments of transfer duly executed in blank;
- (b) certificate evidencing the Convertible Debenture, free and clear of all Encumbrances, duly endorsed in blank or accompanied by forms of transfers or other instruments of transfer duly executed in blank (or as otherwise satisfactory to the Purchaser, acting reasonably);
- (c) an assignment agreement evidencing assignment of the Purchased Assets (the “Assignment Agreement”);

- (d) a certificate of an officer of the Vendor certifying: (i) the board of directors of Vendor, which authorizes the execution, delivery and performance of this Agreement, the Transaction Documents and the consummation of the transactions contemplated hereby and thereby; (ii) the names, titles and signatures of the officers of Vendor authorized to sign this Agreement; and (iii) that attached thereto are true and complete copies of the constating documents of the Vendor, including any amendments or restatements thereof, and that such governing documents are in full force and effect; and
- (e) such other documentation and instruments as are reasonably requested by the Purchaser and are reasonably necessary to consummate the transactions contemplated by this Agreement.

6.4 Closing Deliveries of the Purchaser

At the Closing, the Secured Purchaser shall deliver to the Vendor the following:

- (a) the Closing Payment by wire transfer of immediately available funds;
- (b) a certificate of an officer of the Secured Purchaser certifying: (i) the resolutions of the board of directors of the Secured Purchaser, which authorize the execution, delivery and performance of this Agreement, the Transaction Documents and the consummation of the transactions contemplated hereby and thereby; (ii) the names, titles and signatures of the officers of the Secured Purchaser authorized to sign this Agreement and the other Transaction Documents; and (iii) that attached thereto are true and complete copies of the constating documents of the Secured Purchaser, including any amendments or restatements thereof, and that such governing documents are in full force and effect;
- (c) in respect of the Pari Passu Agreement, an acknowledgement and confirmation by the Secured Purchaser addressed to the other creditors party thereto and confirming to the other creditors party thereto that the Secured Purchaser and the debts owing to it (being, for greater certainty, the Canopy Debt (as defined in the Pari Passu Agreement) and as such debt is purchased by the Secured Purchaser pursuant to the terms hereof) shall be subject to the terms and conditions of the Pari Passu Agreement;
- (d) in respect of the Subordination Agreement, an acknowledgement and confirmation by the Secured Purchaser addressed to Senior Creditor (as defined in the Subordination Agreement) party thereto and confirming to the Senior Creditor party thereto that the Secured Purchaser and the debts owing to it (being, for greater certainty, the Subordinate Debt owing to Canopy as a Subordinate Creditor (as each such term is defined in the Subordination Agreement) and as such debt is purchased by the Secured Purchaser pursuant to the terms hereof) shall be subject to the terms and conditions of the Subordination Agreement;
- (e) in respect of the Tripartite Agreement, an acknowledgement and confirmation by the Secured Purchaser addressed to the other parties thereto and confirming to the

other parties thereto that the Secured Purchaser shall be bound by and subject to the terms and conditions of the Tripartite Agreement; and

- (f) such other documentation and instruments as are reasonably requested by the Vendor and are reasonably necessary to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

At the Closing, the Equity Purchaser shall deliver to the Vendor the following:

- (g) a duly executed version of the Note;
- (h) a certificate of an officer of the Equity Purchaser certifying: (i) the resolutions of the board of directors of the Equity Purchaser, which authorize the execution, delivery and performance of this Agreement, the Transaction Documents and the consummation of the transactions contemplated hereby and thereby; (ii) the names, titles and signatures of the officers of the Equity Purchaser authorized to sign this Agreement and the other Transaction Documents; and (iii) that attached thereto are true and complete copies of the constating documents of the Equity Purchaser, including any amendments or restatements thereof, and that such governing documents are in full force and effect; and
- (i) such other documentation and instruments as are reasonably requested by the Vendor and are reasonably necessary to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

ARTICLE 7 **SURVIVAL**

7.1 Survival

The representations and warranties made by the Vendor and the Purchaser contained in this Agreement and the Transaction Documents shall survive the Closing and, notwithstanding the Closing, shall continue in full force and effect for the benefit of the other Party for a period of six months from the Closing. None of the covenants (to the extent such covenants relate to the performance of obligations before the Closing) set out in this Agreement or in any instrument delivered under this Agreement shall survive the Closing Date. This Section 7.1 does not limit any covenant of the Parties which, by its terms, contemplates performance after the Closing Date.

ARTICLE 8 **GENERAL**

8.1 Notices

Any notices, requests, demands and other communication required to be given hereunder shall be in writing and shall be sufficiently given if delivered in person, by facsimile or other electronic form of communication (if an email address or facsimile number is provided below):

(a) if to the Purchaser at:

3-35 Stone Church
Road West, Suite 188
Ancaster, ON
L9K 1S4

Attention: Rami Reda
Email: lendingstreaminc@gmail.com

with a copy to (which shall not constitute notice):

Fogler, Rubinoff LLP
77 King Street West, Suite 3000
Toronto, Ontario M5K 1G8

Attention: Rick Moscone
Email: rmoscone@foglers.com

(b) if to the Vendor at:

RIV Capital Corporation
40 King Street West, Suite 3303
Toronto ON M5H 3Y2

Attention: Matt Mundy
Email: matt@rivcapital.com

with a copy to (which shall not constitute notice):

Cassels Brock & Blackwell LLP
40 Temperance Street, Suite 3200
Toronto, Ontario M5H 0B4

Attention: Jonathan Sherman
Email: jsherman@cassels.com

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day). Any Party may at any time change its address for service from time to time by giving notice to the other Party(ies) in accordance with this Section 8.1.

8.2 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by the Parties and their respective successors, heirs, executors, administrators and legal representatives and permitted assigns, as applicable.

8.3 Further Assurances

Each of the Parties shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as any other Party may reasonably require from time to time after the Closing for the purpose of giving effect to this Agreement.

8.4 Entire Agreement

This Agreement, together with the Transaction Documents, constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter of this Agreement except as provided in this Agreement and the Transaction Documents.

8.5 Costs and Expenses

Each Party shall pay any and all expenses, fees and costs (including, legal and accounting) incurred by it in connection with the transactions contemplated by this Agreement.

8.6 Waiver, Amendment

This Agreement may not be amended except by an instrument in writing signed by all the Parties. No waiver of any provision of this Agreement shall be binding unless executed in writing by the Party to be bound. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

8.7 Acknowledgements

- (a) The Purchaser hereby acknowledges and agrees that it has conducted such searches and made such inquiries as it considers necessary prior to the execution hereof, and that it is accepting all of the Purchased Assets on an “as is, where is” basis without recourse to the Corporation or RIV (other than in respect of the representations and warranties given in Section 3.1).
- (b) The Purchaser acknowledges that the Corporation has delivered copies of the Convertible Debenture, the Royalty Agreement and the other Security to the Purchaser, and that except for the items to be delivered pursuant to Section 6.3(a) and Section 6.3(b), the Corporation is in no other way obligated or required to deliver or provide possession of any other documents, records, books, chattels, property, collateral, chose in action or any other thing of any kind whatsoever relating to the Purchased Assets whatsoever.
- (c) Pursuant to Section 11.2 of the Royalty Agreement, the Purchaser hereby acknowledges and agrees that it shall be bound by the Royalty Agreement as of the date hereof and hereby confirms and agrees that, as of the date hereof, it shall be

considered a party thereto in the same capacity as Canopy Rivers (as defined in the Royalty Agreement).

- (d) Sections 3, 4 and 5 of the Assignment Agreement are hereby incorporated by reference, *mutatis mutandis*.

8.8 Non-Assignable Security

To the extent that any of the Security referenced herein is not assignable or is not assignable without the consent of a third party (the “**Non-Assignable Security**”), this Agreement shall not assign such Non-Assignable Security or shall only actually assign such security upon the necessary consent of such third party being received by the Vendor and the Purchaser, and the Vendor shall hold such Non-Assignable Security until such time as the necessary consent of such third party is received by the Vendor and the Purchaser.

8.9 Counterparts

This Agreement may be executed in any number of counterparts, and/or by PDF file, DocuSign or other electronic signature, each of which shall constitute an original and all of which, taken together, shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY BLANK; SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF this Agreement has been executed by the Parties on the date first above written.

Purchaser:

LENDING STREAM INC.

Per:  _____
DocuSigned by:
983043BA14DE47C

Name:

Title:

Purchaser:

2586335 ONTARIO INC.

Per: _____

Name:

Title:

Vendor:

RIV CAPITAL CORPORATION

Per: _____

Name:

Title:

IN WITNESS WHEREOF this Agreement has been executed by the Parties on the date first above written.

Purchaser:

LENDING STREAM INC.

Per: _____
Name:
Title:

Purchaser:

2586335 ONTARIO INC.

Per: _____
Name:
Title:

DocuSigned by:
Bad Reda
3819845ADD0648D

Vendor:

RIV CAPITAL CORPORATION

Per: _____
Name:
Title:

IN WITNESS WHEREOF this Agreement has been executed by the Parties on the date first above written.

Purchaser:

LENDING STREAM INC.

Per: _____

Name:

Title:

Purchaser:

2586335 ONTARIO INC.

Per: _____

Name:

Title:

Vendor:

RIV CAPITAL CORPORATION

Per: DocuSigned by:
Eddie Lucarelli _____

Name: Eddie Lucarelli

Title: Chief Financial Officer

SCHEDULE "A"

Convertible Debenture and Royalty Agreement

1. Convertible Debenture
2. Royalty Agreement

Security and Guarantees

1. Amended and restated guarantee dated January 2, 2020 in favour of the Vendor by the Corporation
2. Amended and restated general security and pledge agreement dated January 2, 2020 in favour of the Vendor by the Corporation
3. Amended and restated guarantee dated January 2, 2020 in favour of the Vendor by NCI
4. Amended and restated general security and pledge agreement dated January 2, 2020 in favour of the Vendor by NCI
5. Tripartite agreement dated August 4, 2017, among Chokey Real Estate Limited (the "Landlord"), as landlord, NCI, as tenant, and the Vendor, as leasehold mortgagee (the "Tripartite Agreement")
6. Notice of charge of lease registered 2017/08/03 as instrument WE1226816, together with an Acknowledgement regarding standard charge term

Intercreditors

1. Pari passu agreement dated January 2, 2020 among, *inter alios*, Wolverine Partners Corp. and the Vendor (the "Pari Passu Agreement")
2. Subordination and postponement agreement dated January 2, 2020 among, *inter alios*, Wolverine Partners Corp., as a subordinate creditor, the Vendor, as a subordinate creditor, and the Vendor, as senior creditor (the "Subordination Agreement")

Registrations

1. *Personal Property Security Act* (Ontario) registration naming NCI, as debtor, and the Vendor, as secured party, as file no. 730149462
2. *Personal Property Security Act* (Ontario) registration naming Holdings, as debtor, and the Vendor, as secured party, as file no. 730150461
3. Notice of charge of lease filed with the Land Registry Office (Ontario) naming NCI (previously Radicle Medical Marijuana Inc.), as chargor, and the Vendor (previously Canopy Rivers Corporation), as chargee, receipted as registration no. WE1226816

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT (this "**Agreement**") dated as of the 20th day of December, 2023.

B E T W E E N :

RIV CAPITAL CORPORATION

(the "**Assignor**")

- and -

LENDING STREAM INC.

(the "**Lending Stream**")

- and -

2586335 ONTARIO INC.

(the "**2586335**" and together with Lending Stream, the "**Assignees**" and each an "**Assignee**")

WHEREAS the Assignor entered into a purchase agreement dated December 20, 2023 with the Assignees (the "**Purchase Agreement**"), with respect to the purchase and sale of the Purchased Assets (as defined in the Purchase Agreement);

AND WHEREAS pursuant to the Purchase Agreement, the Assignor has agreed to assign and/or transfer to the applicable Assignee the Assignor's right, title and interest in and to the Purchased Assets;

NOW THEREFORE in consideration of the completion of the transactions provided for in the Purchase Agreement and for other good and valuable consideration, the parties hereto covenant and agree as follows:

1. Unless otherwise defined herein, all capitalized terms used herein shall have the respective meanings ascribed to them in the Purchase Agreement.
2. Subject to the terms of the Purchase Agreement, the Assignor hereby assigns, transfers and sets over unto the applicable Assignee, as of and including the Closing Time, all of the Assignor's right, title and interest, in and to:
 - (a) the Purchased Assets;
 - (b) any and all monies payable to the Assignor under the Purchased Assets, if any;

- (c) the benefits of any guarantees, warranties and covenants made or given by the parties to the Purchased Assets, to the extent such guarantees, warranties or covenants are assignable; and,
- (d) any other rights, benefits and advantages whatsoever to be derived from the Purchased Assets,

with full power and authority, to demand, collect, or sue for, recover, receive and give receipts for all monies payable thereunder and to sue for damages for breach of any covenant or agreement or for performance thereof, *provided that* the Purchased Shares shall be deemed to be transferred effective as of December 31, 2023.

3. As of and including the Closing Date, each Assignee hereby agrees to assume and be bound by all of the obligations and liabilities of the Assignor under the Purchased Assets which are to be observed or performed on and after the Closing Time (which obligations and liabilities are herein collectively called the "**Assumed Obligations**") and covenants and agrees with the Assignor that from and including the Closing Time, each Assignee will observe and perform all Assumed Obligations.
4. The Assignor hereby indemnifies and saves harmless the Assignees from all claims, actions, causes of action, proceedings, losses, damages and liabilities incurred, suffered or sustained with respect to the Assignor's obligations and liabilities under the Purchased Assets prior to the Closing Time.
5. Each Assignee hereby indemnifies and saves harmless the Assignor from all claims, actions, causes of action, proceedings, losses, damages and liabilities incurred, suffered or sustained as a result of any matter arising under the Assumed Obligations from and after the Closing Time.
6. Each of the parties hereto shall from time to time hereafter and upon any reasonable request of the other, execute and deliver, make or cause to be made all such further acts, deeds, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement.
7. In the case of any conflict or inconsistency between the terms of this Agreement, the Purchase Agreement, or any other agreement entered into by the parties with a third party with respect to the specific assignment of a Purchased Asset, the Purchase Agreement shall prevail to the extent of such conflict.
8. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.
9. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective permitted successors and assigns.
10. This Agreement may be executed in several counterparts, each of which when so executed and delivered shall be deemed to be an original instrument, and all such counterparts shall


- 3 -

constitute one and the same instrument. Delivery of an executed copy of this Agreement by electronic transmission constitutes valid and effective delivery.

[signature page follows]

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

RIV CAPITAL CORPORATION

By: 
Name: Eddie Lucarelli
Title: Chief Financial Officer
I have authority to bind the corporation.

LENDING STREAM INC.

By: _____
Name:
Title:
I have authority to bind the corporation.

2586335 ONTARIO INC.

By: _____
Name:
Title:
I have authority to bind the corporation.

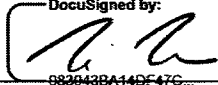
IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

RIV CAPITAL CORPORATION

By: _____
Name:
Title:

I have authority to bind the corporation.

LENDING STREAM INC.

By:  _____
Name:
Title:

I have authority to bind the corporation.

2586335 ONTARIO INC.

By: _____
Name:
Title:

I have authority to bind the corporation.

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

RIV CAPITAL CORPORATION

By: _____

Name:

Title:

I have authority to bind the corporation.

LENDING STREAM INC.

By: _____

Name:

Title:

I have authority to bind the corporation.

2586335 ONTARIO INC.

By:  _____
2849D46A9D8846D...

Name:

Title:

I have authority to bind the corporation.

This is Exhibit "I" referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) JANUARY 2, 2020, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY

CANOPY RIVERS CORPORATION

(the "Creditor")

- and -

RADICLE CANNABIS HOLDINGS INC.

(the "Corporation")

AS OF JANUARY 2, 2020

**CONVERTIBLE DEBENTURE
DUE ON JANUARY 2, 2023**

CONVERTIBLE DEBENTURE

\$1,000,000

Effective as of January 2, 2020 (the “**Effective Date**”)

ARTICLE ONE INTERPRETATION

1.1 **Definitions.**

As used in this Debenture, including the Schedules hereto (if any), unless otherwise defined or unless the context otherwise requires the following terms have the following respective meanings:

- (a) “**Affiliates**” has the meaning set out in the *Business Corporations Act (Ontario)*.
- (b) “**Applicable Law**” means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, protocol, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval, in each case, of any Governmental Authority and having the force of law, binding on or affecting the Party referred to in the context in which the term is used or binding on or affecting the property of such Party, all of the foregoing as may exist as of the Effective Date or as may be implemented, revised or modified from time to time after the Effective Date;
- (c) “**Business Day**” means any day of the year, other than a Saturday, Sunday, legal holiday or any day on which banking institutions are closed in Toronto, Ontario;
- (d) “**Cannabis**” means all living or dead materials, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material and trichomes. For greater certainty, the definition of Cannabis covers all dried flower produced, whether or not such Cannabis is thereafter converted into an oil, extract or other alternative product;
- (e) “**Cannabis Act**” means *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts*, S.C. 2018, c. 16, as amended from time to time and includes the regulations made thereunder and any replacements to the foregoing;
- (f) “**Change of Control**” means (a) any Person or group of Persons, acting jointly or in concert (within the meaning of such phrase in the

Securities Act (Ontario)) acquires, directly or indirectly, outstanding equity interests of the Corporation which have or represent 50% or more of the votes that may be cast to elect the directors of the Corporation or other persons charged with the management and direction of the Corporation, (b) any Person or group of Persons, acting jointly or in concert (within the meaning of such phrase in the *Securities Act* (Ontario)) acquires the power to direct, or cause the direction of, management, business or policies of the Corporation or any of its subsidiaries, whether through the ability to exercise voting power, by contract or otherwise, (c) the Corporation shall cease to own and control, of record and beneficially, 100% of each class of outstanding equity interests of its subsidiaries, (d) any Person or group of Persons acting jointly or in concert (within the meaning of such phrase in the *Securities Act* (Ontario)) succeed in having a sufficient number of nominees elected to the board of directors of the Corporation or any of its subsidiaries that such nominees, when added to any existing director remaining on the board of directors of the Corporation or such subsidiary after such election who is also a nominee of such Person or group of Persons, will constitute a majority of the board of directors of the Corporation or such subsidiary, (e) if, at any time, the Corporation or any of its subsidiaries sells or otherwise disposes of all or substantially all of its assets, (f) the Corporation or any of its subsidiaries amalgamates or otherwise merges its business and property with or into any other Person if that amalgamation or merger is not otherwise expressly permitted by the other provisions of this Debenture, or (g) a liquidation, dissolution or winding up of the Corporation or any of its subsidiaries;

- (g) “**Claim**” means any claim or liability of any nature whatsoever, including any demand, obligation, liability, debt, cause of action, suit, proceeding, judgment, award, assessment or reassessment;
- (h) “**Collateral**” means any and all assets in respect of which the Creditor has or is intended to have an Encumbrance pursuant to a Security Document;
- (i) “**Common Shares**” means the common shares in the capital of the Corporation, as such shares exist at the close of business on the date of execution and delivery of this Debenture; provided that, in the event of a subdivision, redivision, reduction, combination, consolidation or reclassification of the capital of the Corporation or such successive subdivisions, redivisions, reductions, combinations, consolidations or reclassifications, “Common Shares” shall thereafter mean the shares corresponding to the Common Shares resulting from such subdivision, redivision, reduction, combination, consolidation or reclassification;
- (j) “**Confidential Information**” means the terms of this Debenture and any other information and intellectual property concerning any matters affecting or relating to the business, operations, assets, results or prospects of the Parties, including information regarding plans, budgets, costs, processes, results of experimentation and other data,

except to the extent that such information has already been publicly released by a Party as allowed herein or that the Party providing such information can demonstrate was previously publicly released by a Person who did not do so in violation or contravention of any duty or agreement;

- (k) **“Conversion Price”** means the price per Common Share at which the portion of the principal sum outstanding under this Debenture shall from time to time be convertible into Common Shares, being \$0.60 per Common Share, unless adjusted in accordance with the terms of this Debenture;
- (l) **“Corporate Records”** means the corporate records of the Corporation and any of its subsidiaries, including in each case (i) all constating documents, articles, by-laws, notice of articles, any shareholders’ agreements and any amendments thereto, and (ii) all minutes of meetings and resolutions of shareholders and the board of directors (and any committee thereof);
- (m) **“Corporation”** means Radicle Cannabis Holdings Inc., a corporation formed under the laws of the Province of Ontario, and its successors and permitted assigns (by amalgamation, merger or otherwise);
- (n) **“Creditor”** means Canopy Rivers Corporation and its successors and assigns;
- (o) **“Date of Conversion”** means the date specified in the notice delivered to the Corporation, such date being not less than 5 Business Days after receipt of same by the Corporation;
- (p) **“Debenture”** means this convertible debenture issued on the date hereof due on the Maturity Date in an aggregate principal amount of \$1,000,000, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;
- (q) **“Effective Date”** has the meaning ascribed to such term on page 1 herein;
- (r) **“Encumbrance”** means any lien, charge, hypothec, pledge, mortgage, title retention agreement, covenant, condition, lease, license, security interest of any nature, claim, exception, reservation, easement, encroachment, right of occupation, right-of-way, right-of-entry, matter capable of registration against title, option, assignment, right of pre-emption, royalty, right, pledge, privilege or any other encumbrance or title defect of any nature whatsoever, and any other right of third parties relating to, attaching to or affecting any asset, regardless of form (excluding ordinary course payables), whether or not registered or registrable and whether or not consensual or arising by any Applicable Law, and includes any contract to create any of the foregoing;

- (s) **“Environmental Laws”** means all Applicable Laws relating to the protection of human health and the environment, including all Applicable Laws pertaining to the reporting, licensing, permitting, transportation, storage, disposal, investigation or remediation of Releases, or threatened Releases, of Hazardous Materials into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation or handling of Hazardous Materials;
- (t) **“Event of Default”** has the meaning ascribed to such term in Section 6.1 hereof;
- (u) **“GAAP”** means accounting standards for private enterprises, being those accounting principles which are recognized as being generally accepted in Canada from time to time for private enterprises, applied consistently, as approved by the Canadian Institute of Chartered Accountants in effect from time to time until such time as the Creditor adopts the International Financial Reporting Standards (“IFRS”) and thereafter, IFRS and its interpretations adopted by the International Accounting Standards Board;
- (v) **“Governmental Authorities”** means any municipal, regional, provincial or federal governments and their agencies, authorities, branches, departments, commissions or boards, having or claiming jurisdiction over the Corporation and/or the Corporation’s assets including, for greater certainty, Health Canada, and **“Governmental Authority”** shall mean any one of the Governmental Authorities as the context requires;
- (w) **“Governmental Charges”** means all taxes, levies, duties, assessments, reassessments and other similar charges and impositions together with all related penalties, interest and fines, due and payable by the Corporation or any of its subsidiaries (as applicable) to any domestic or foreign government (federal, provincial, state, municipal or otherwise) or to any regulatory authority, agency, commission, board or court of competent jurisdiction of any domestic or foreign government;
- (x) **“Guarantee”** means the amended and restated unlimited guarantee dated on or about the date hereof by Opco in favour of the Creditor guaranteeing the Obligations, as it may be amended, supplemented, otherwise modified, restated or replaced from time to time;
- (y) **“Hazardous Materials”** means:
 - (i) any radioactive material;
 - (ii) any explosive;
 - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality

of that water to the extent that it will adversely affect its use by man or by any animal, fish or plant;

- (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
 - A. endangers the health, safety or welfare of individual persons or the health of animal life;
 - B. interferes with normal enjoyment of life or property; or
 - C. causes damage to plant life or to property;
- (v) any petroleum or petroleum product;
- (vi) any toxic substance or other contaminant;
- (vii) any substance declared to be hazardous or toxic under any Applicable Law now or hereafter enacted or promulgated by any Governmental Authority having jurisdiction over the Corporation, any of its subsidiaries or their respective properties, assets or interests, including any substance which would be considered a hazardous substance under any Environmental Law; and
- (viii) any other substance which is or may become hazardous, dangerous or toxic to individual persons or property, including any asbestos or asbestos-containing material;

but for clarity does not include Cannabis produced or sold in the ordinary course of business.

- (z) **“Material Adverse Change”** means any change or event which constitutes a material adverse change in (i) the business, operations, condition (financial or otherwise), assets or properties of the Corporation and its subsidiaries, taken as a whole, (ii) the enforceability of this Debenture against the Corporation, (iii) the Corporation's ability to timely and fully perform its obligations hereunder, or (iv) the ability of the Creditor to enforce its rights and remedies hereunder;
- (aa) **“Maturity Date”** means the earliest of (i) January 2, 2023, and (ii) the date that all amounts owing hereunder may become due and payable in accordance with the terms hereof;
- (bb) **“Obligations”** means all monies and obligations now or at any time and from time to time hereafter owing or payable by the Corporation to the Creditor, including pursuant to this Debenture;
- (cc) **“Opco”** means Radicle Medical Marijuana Inc., a wholly-owned subsidiary of the Corporation;

- (dd) **"Parties"** means the Corporation and the Creditor; and **"Party"** means any one of them;
- (ee) **"Permit"** has the meaning assigned to such term in Section 3.3(o);
- (ff) **"Permitted Encumbrances"** means:
 - (i) statutory encumbrances not at the time overdue, or which are overdue but the validity of which is being contested in good faith and in respect of which appropriate reserves have been established;
 - (ii) Encumbrances for taxes, duties and assessments which may be overdue but the validity of which is being contested in good faith and in respect of which appropriate reserves have been established;
 - (iii) Encumbrances or rights of distress reserved in or exercisable under any lease for rent or for compliance with the terms of such lease (provided that the recognition of such Encumbrances or rights as a permitted encumbrance shall not prejudice the priority of the Creditor's security over such Encumbrances or rights as determined in accordance with applicable law);
 - (iv) any obligations or duties affecting any lands due to any public utility or Governmental Authority with respect to any franchise, grant, licence or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands under government permits, leases or other grants; which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held;
 - (v) Encumbrances incurred or deposits made in connection with contracts, bids, tenders or expropriation proceedings, or to secure workers' compensation, unemployment insurance or other social security obligations, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, warehousemen's, carriers' and other similar Encumbrances and deposits;
 - (vi) Encumbrances given to a public utility or Governmental Authority to secure obligations incurred to such utility, municipality, government or other authority in the ordinary course of business;
 - (vii) Encumbrances and privileges arising out of judgments or awards in respect of which: an appeal or proceeding for review has been commenced; a stay of execution pending such appeal or proceedings for review has been obtained; and appropriate reserves have been established;

- (viii) any mechanic's, labourer's, materialman's statutory or other similar Encumbrance arising in the ordinary course of business or out of the construction or improvement of any lands or arising out of the furnishing of materials or supplies therefor, the action to enforce which has not proceeded to a final judgment;
- (ix) undetermined or inchoate Encumbrances incidental to the normal business operations of a company not at the time overdue, or which are overdue but have not been filed against such company or any of its properties pursuant to applicable law and the validity of which is being contested in good faith and appropriate reserves have been established;
- (x) PMSIs and capital leases up to the maximum aggregate amount of \$500,000 incurred in connection with the purchase or leasing of capital equipment;
- (xi) Encumbrances in favour of the Creditor; and
- (xii) Encumbrances consented to in writing by the Creditor;

provided that the use of the term "Permitted Encumbrances" to describe such interests and Encumbrances shall mean that they are permitted to exist (whether in priority to or subsequent in priority to the Creditor's security, as determined by applicable law), and shall not be interpreted as meaning that such interests and Encumbrances are entitled to priority over the Creditor's security;

- (gg) "**Person**" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership or other entity;
- (hh) "**PMSI**" means purchase-money security interests as defined in the PPSA;
- (ii) "**PPSA**" means *the Personal Property Security Act (Ontario)*, as amended from time to time and any legislation substituted therefor and any amendments thereto;
- (jj) "**Redacted Information**" means all (i) equity percentage information relating to a conversion, and (ii) pricing related information contained in this Debenture;
- (kk) "**Release**" includes releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping, or permitting any of the foregoing to occur;
- (ll) "**Security Documents**" means (i) the amended and restated general security and pledge agreement dated on or about the date hereof by the Corporation in favour of the Creditor, (ii) the amended and restated general security and pledge agreement dated on or about the date

hereof by Opco in favour of the Creditor, (iii) and any other security for the Obligations, as each be amended, supplemented, otherwise modified, restated or replaced from time to time;

- (mm) **"Security Interest"** means the pledges, assignments, mortgages, charges, and hypothecations of and the security interests in the Collateral created in favour of the Creditor under the Security Documents;
- (nn) **"Transaction Documents"** includes this Debenture, the Security Documents, the Guarantee and the Warrant; and
- (oo) **"Warrant"** means the warrant issued by the Corporation to and in favour of the Creditor as of the date hereof, as may be amended, supplemented, otherwise modified, restated or replaced from time to time.

1.2 **Gender and Number.**

Any reference in this Debenture to gender shall include all genders, and words importing the singular number only shall include the plural and vice versa.

1.3 **Headings, Etc.**

The division of this Debenture into Articles, Sections, Subsections, and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Debenture.

1.4 **Currency.**

All references in this Debenture to dollars, unless otherwise specifically indicated, are expressed in the currency of Canada.

1.5 **Severability.**

Any article, section, subsection or other subdivision of this Debenture or any other provision of this Debenture which is, or becomes, illegal, invalid or unenforceable shall be severed from this Debenture and be ineffective to the extent of such illegality, invalidity or unenforceability and shall not affect or impair the remaining provisions hereof or thereof.

1.6 **Governing Law.**

This Debenture shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. For the purpose of legal proceedings, this Debenture shall be deemed to have been made in the said Province and to be performed therein and the courts of that Province shall have jurisdiction over all disputes which may arise under this Debenture. The Parties hereby irrevocably and unconditionally submit to the non-exclusive jurisdiction of such courts.

1.7 Accounting Principles.

Wherever in this Debenture reference is made to “generally accepted accounting principles” or “GAAP”, such reference shall be deemed to be to GAAP.

1.8 Interpretation.

Unless otherwise expressly provided in this Debenture, if any matter in this Debenture is subject to the determination, consent or approval of the Creditor or is to be acceptable to the Creditor, such determination, consent, approval or determination of acceptability will be in the sole discretion of the Creditor, which means the Creditor shall have sole and unfettered discretion, without any obligation to act reasonably. If any provision in this Debenture refers to any action taken or to be taken by the Corporation, or which the Corporation is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term “including” shall mean “including, without limitation” and the use of the term “includes” shall mean “includes, without limitation”.

ARTICLE TWO
PROMISE TO PAY**2.1 Principal Sum.**

For value received, subject to the exercise by the Creditor of its right to convert as set out herein, the Corporation hereby promises to pay to or to the order of the Creditor at the address of the Creditor set forth in Section 7.7(a) hereof (or such other address of the Creditor as may be indicated by the Creditor pursuant to Section 7.7(a) hereof) on the Maturity Date the lesser of:

- (a) the principal sum of \$1,000,000; and
- (b) the amount of the unpaid principal balance from time to time owing by the Corporation to the Creditor as recorded by or on behalf of the Creditor on the grid attached hereto as Schedule A and any further grids attached hereto, all of which grids form part of this Debenture;

and the Corporation promises to pay interest thereon pursuant to Section 2.3 hereof.

2.2 Advances.

- (a) The total amount that may be advanced to the Corporation under this Debenture shall not exceed the aggregate principal sum of \$1,000,000 regardless of whether the Creditor exercises its rights in respect of an optional conversion pursuant to Section 5.1; and
- (b) The Corporation must drawdown the full amount available under this Debenture on the Effective Date. In the event that the Corporation does not so draw down the full amount, the Creditor may, at its sole discretion, require the Corporation to do so (in which case the Corporation shall be deemed to have issued a request for such drawdown as of the Effective Date).

2.3 Interest.

- (a) Interest shall accrue on the principal sum outstanding from the date hereof both before and after the Maturity Date, default and judgment until actual payment in full at a rate of 12% per annum, calculated and payable semi-annually in arrears on the final day of each consecutive six-month period during the term of this Debenture commencing on the date that is six months from the Effective Date;
- (b) Upon the occurrence of an Event of Default and for so long as such Event of Default shall be continuing, interest shall accrue on the principal sum outstanding at a rate per annum equal to 19.99% calculated and payable as aforesaid. For greater certainty, to the extent interest has accrued under this Section, such interest will be due and payable at the time the Creditor exercises its conversion rights hereunder; and
- (c) In the event that a court of competent jurisdiction determines that any provision of this Debenture obligates the Corporation to make any payment of interest, or other amount payable to the Creditor, in an amount, or calculated at a rate, which would be prohibited by Applicable Law or would result in receipt by the Creditor of interest at a rate in excess of the maximum rate permissible under Applicable Law then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted, with retroactive effect, to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Applicable Law or so result in receipt by the Creditor of interest at a rate in excess of the maximum rate permissible. Any amount or rate of interest referred to in this Section 2.3 shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that the Debenture remains outstanding, on the assumption that any charges, fees or expenses that fall within the meaning of interest shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the date hereof to the Maturity Date, and, in the event of a dispute, a certificate of an accredited actuary appointed by the Creditor shall be conclusive for the purposes of such determination.

2.4 Use of Funds.

The Creditor has agreed to advance to the Corporation the principal sum hereunder on the express condition that such amount be used by the Corporation for general corporate purposes.

2.5 Voluntary Prepayment

Prior to the Maturity Date, the Corporation shall not be permitted to repay to the Creditor the whole or any part of any principal sum owing by it from time to time hereunder without the prior written consent of the Creditor in its sole discretion.

ARTICLE THREE **COVENANTS AND REPRESENTATIONS OF THE CORPORATION**

3.1 Positive Covenants.

So long as this Debenture remains outstanding, the Corporation covenants and agrees that it will and cause each of its subsidiaries to:

- (a) **Payment and Performance of Obligations.** Duly and punctually pay all sums of money due by it under the terms of this Debenture at the times and places and in the manner provided for by this Debenture and shall duly and punctually perform and observe all other obligations on its part to be performed or observed hereunder at the times and in the manner provided for herein;
- (b) **Common Shares.** At all times reserve and keep available Common Shares for the purpose of effecting any conversion pursuant to ARTICLE Five;
- (c) **Observation of Covenants.** Duly observe and perform each and every of its covenants and agreements set forth in this Debenture;
- (d) **Notice.** Provide the Creditor with prompt written notice of: (i) any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default hereunder; (ii) the commencement by or against the Corporation or its subsidiaries, as the case may be, of any material litigation or legal proceedings; and (iii) any default by the Corporation or its subsidiaries, as the case may be, under a contract to which it is a party with a value in excess of \$50,000;
- (e) **Maintenance of Existence & Business Practices.** Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and its rights and franchises. Without limiting the generality of the foregoing, they shall (i) use, operate and maintain all of their property and assets in a good and workman like manner and in accordance with good business practice and in a manner which does not impair the Security Interests of the Creditor in such property and assets; and (ii) continue to collect all accounts receivable in the ordinary course of their business consistent with past practice;
- (f) **Compliance with Laws.** Comply with all Applicable Laws, save and except when non-compliance with such laws would not result in a Material Adverse Change;

- (g) **Approvals.** Use commercially reasonable efforts to obtain all necessary waivers, consents, Permits and approvals required to be obtained by the Corporation and its subsidiaries to operate their business, own their assets, and to complete the transactions contemplated by each of the Transaction Documents;
- (h) **Taxes.** Pay all taxes imposed on it, or on its income or profits or its assets, when due and payable, except for any taxes assessed against the Corporation or its subsidiaries which they are in good faith contesting pursuant to a *bona fide* dispute process;
- (i) **Insurance.** Maintain insurance coverage with responsible insurers, in amounts and against risks normally insured by owners of similar businesses or assets. Promptly on the happening of any loss or damage, the Corporation will furnish or cause to be furnished at its own expense all necessary proofs and will do all necessary acts to enable the Creditor to obtain payment of the insurance monies, which, in the sole discretion of the Creditor, may be applied in reinstating the insured property or be paid to the Corporation or the subsidiaries or be applied in payment of the Obligations, whether due or not then due, or paid partly in one way and partly in another;
- (j) **Financial Statements.** Deliver to the Creditor: (i) consolidated quarterly unaudited financial statements, in accordance with GAAP, within 30 days of the end of each fiscal quarter; (ii) consolidated annual audited financial statements, in accordance with GAAP, within 60 days of the end of each fiscal year; (iii) as soon as practicable but in any event within 30 days after the end of any applicable fiscal quarter, an updated financial forecast of the Corporation covering the next 12 fiscal quarters; and (iv) any other documents, financial statements or other information as may be reasonably requested by the Creditor in connection with its public disclosure and accounting obligations;
- (k) **Carry on Business.** Continue to carry on and conduct their business in a proper and efficient manner, maintain proper books and records (in which full and correct entries shall be made of all financial transactions and the assets and the business of the Corporation and each of its subsidiaries in accordance with GAAP);
- (l) **Provision of Further Information.** Provide to the Creditor:
 - (i) all production books and records;
 - (ii) notice of the occurrence of any Default or Event of Default setting out the details of any event so disclosed and the steps (if any) taken by it to remedy or cure the same;
 - (iii) any material impending or current litigation, arbitration, criminal or administrative proceeding, tax claim or labour dispute or other proceeding relating to the Corporation or any of its subsidiaries or

- its respective property, assets or revenues, or its respective outstanding share capital;
- (iv) a copy of (i) notice received from the counterparty of any consent, Permit or approval and (ii) notice of any event which may result in the termination of, or the ability of any party to terminate, any authorization, Permit or approval;
 - (v) the receipt of any notice given or sent to or served upon the Corporation or any of its subsidiaries which would constitute, or would be reasonably expected to constitute, a Material Adverse Change;
 - (vi) all information as may from time to time be required by the Creditor under or in connection with compliance with any Applicable Laws; and
 - (vii) such other information as the Creditor may request, acting reasonably, from time to time;
- (m) **Ownership.** Defend their right, title and interest in and to their respective material property and assets against the claims of all other Persons, at their own expense, as well as maintain corporate ownership, direct or indirect, of all of its subsidiaries;
 - (n) **Good Accounting Practice.** At all times keep proper books of record and account which, in all material respects, are kept, where applicable, in accordance with GAAP, consistently applied;
 - (o) **Payment and Performance of Third-Party Obligations.** Duly and punctually pay all material sums of money due by them to any party other than the Creditor as and when such payments shall become due and shall maintain in good standing and observe and perform in all material respects all material contracts to which they are a party;
 - (p) **Further Assurances.** Use reasonable efforts to provide the Creditor with such other documents, opinions, consents, acknowledgements and agreements as are reasonably necessary to implement this Debenture and perfect and maintain any of the security interests granted to the Creditor pursuant to the security contemplated herein; and
 - (q) **Subsidiaries.** At all times ensure that Opco shall remain a wholly owned subsidiary of the Corporation.

3.2 Negative Covenants.

At all times, for so long as this Debenture remains outstanding, the Corporation hereby covenants and agrees, that, without the prior written consent of the Creditor, the Corporation shall not, and shall ensure that each of its subsidiaries shall not:

- (a) **Amalgamations.** Directly or indirectly, by operation of law or otherwise, amalgamate with, merge with, consolidate with or otherwise combine with, any Person, provided however that the Corporation may merge, consolidate, amalgamate or otherwise continue with any Person, if the entity resulting from such merger, consolidation, amalgamation or other form of combination provides written confirmation to the Creditor that it has assumed all of the obligations of the Corporation hereunder and the rights of the Creditor hereunder have not been materially adversely effected by such merger, consolidation, amalgamation or other combination;
- (b) **Indebtedness.**
 - (i) Create, incur, assume or permit to exist any indebtedness, except:
 - A. trade debt incurred in the ordinary course of business; and
 - B. indebtedness secured by PMSIs;
 - (ii) Guarantee, give financial assistance to, or render itself liable in any manner whatsoever, directly or indirectly, for any debt or obligation whatsoever, of any other Person;
- (c) **Encumbrances.** Create, incur, assume or permit to exist any Encumbrance on or with respect to any of their properties or assets (whether now owned or hereafter acquired) except for Permitted Encumbrances;
- (d) **Issue Shares.** Issue any classes of shares, or any equivalent ownership interests in a Person (including partnership, membership or trust interests therein), other than Common Shares;
- (e) **Grant Options.** Grant any warrants, rights or options to purchase shares or equivalent ownership interests, or any other securities convertible or exchangeable into shares or equivalent ownership interests, in the Corporation or any of its subsidiaries, whether voting or nonvoting, other than options that may be granted to employees or consultants of the Corporation, but in no event greater than 10% of all existing and outstanding Common Shares;
- (f) **Non-Arm's Length Transactions.** Enter into, amend or be a party to any agreement or transaction with, or make any payment to, any Person not acting at arm's length (as defined in the *Income Tax Act* (Canada)) (other than its wholly-owned subsidiaries);
- (g) **Restricted Payments.**
 - (i) Declare or pay any dividend or incur any liability to make any other payment or distribution of cash, other property or other assets in respect of any class of its capital stock, warrants, options

or other rights with respect to any shares of any class of its capital stock;

- (ii) Make any payment or distribution, or apply any of its funds, property or assets on account of the purchase, redemption, defeasance, sinking fund, retirement, or any other reduction of any class of its capital stock, warrants, options or other rights with respect to any shares of any class of its capital stock;
- (iii) Make any repayment, redemption, purchase or other defeasance or discharge of any indebtedness owing to, or make any other payment to, any affiliate (including payments of principal, interest or otherwise on account of in reduction of inter-corporate debt); or
- (iv) Make any deposit for any of the foregoing purposes or other discharge of any indebtedness incurred by an affiliate;

provided however that the Corporation's wholly-owned subsidiaries are not prohibited from taking the above actions.

- (h) **Change of Corporate Name or Location.** Change its corporate name or change or move its chief executive office, principal place of business, corporate offices, warehouses or other locations at which Collateral is held or stored and/or the location of its records concerning the Collateral, without:
 - (i) providing the Creditor with at least thirty (30) days' prior written notice of their intention to do same; and
 - (ii) having received the Creditor's written acknowledgement that any reasonable action requested by the Creditor in connection therewith (including to continue the perfection of any Encumbrance in favour of the Creditor in any Collateral) has been completed or taken;
- (i) **Change of Year-End or Accountants.** Change its fiscal year-end, or change, replace or terminate the accountants retained by the Corporation or its subsidiary (as applicable) at the time of entering into this Debenture;
- (j) **No Sale of Assets.** Directly or indirectly sell, lease, assign, transfer, convey or otherwise dispose of (whether in one or a series of transactions) its property and assets except for sales (i) of equipment, fixtures or materials that are worn-out or obsolete or have been replaced and are not required for the conduct by the Corporation or any of its subsidiaries of its business, (ii) of inventory made in the ordinary course and as part of the normal operation of its business, or (iii) otherwise with the prior written consent of the Creditor;
- (k) **Employment Agreements.** Amend any employment agreements or consulting agreements with any Person not acting at arms-length;

- (l) **Constating Documents.** Amend their articles in any manner which is reasonably likely to result in a Material Adverse Change;
- (m) **Nature of Business.** Carry on any business other than the business presently carried on by the Corporation and its subsidiaries, nor discontinue its business or any material part thereof;
- (n) **Financial Assistance.** Lend money to or guarantee the indebtedness of any person other than granting credit to trade creditors in the ordinary course of its business and consistent with past practice;
- (o) **Securities, Capital and Subsidiaries.** Acquire any securities or subscribe capital to any company or incorporate or acquire any subsidiaries;
- (p) **Royalty Obligations.** Create or suffer to exist, any royalty, overriding royalty, production payment, net profit interest, offtake, inventory purchase and sale, or other similar burden on production or other interest with respect to its property or assets, other than those in existence as of the Effective Date;
- (q) **Dissolution.** Liquidate, wind-up, dissolve themselves (or suffer any liquidation or dissolution), reorganize, make an assignment for the benefit of their creditors or file a petition, answer or consent to seeking a reorganization;
- (r) **No Sale-Leasebacks.** Directly, or indirectly, enter into any arrangement providing for the sale, assignment, transfer or disposition of any property used in the ordinary course of its business and thereafter rent or lease such property; and
- (s) **Investments.** Make any investments other than in the Corporation's business or in cash equivalents.

3.3 Representations and Warranties

The Corporation hereby represents and warrants to the Creditor that:

- (a) **No Default.** No default has occurred and is continuing under any material agreement to which the Corporation or any of its subsidiaries is a party or by which their properties are bound;
- (b) **Location.** Schedule B is a list of all addresses at which the Corporation and each of its subsidiaries (including, for greater certainty, Opco), (i) have their respective chief executive office, head office, registered office and principal place of business, (ii) carry on business, and (iii) store any tangible personal property (except for goods in transit in the ordinary course of business);
- (c) **Status; Corporate Power and Qualification.** Each of the Corporation and each of its subsidiaries:

- (i) is a corporation duly incorporated, organized, validly existing and in good standing under the laws of its jurisdiction of incorporation;
 - (ii) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification;
 - (iii) has the requisite corporate power and authority and the legal right to own, pledge, mortgage, hypothecate or otherwise encumber and operate its properties and assets, to lease the property it operates under lease and to conduct its business as presently conducted in the jurisdictions in which it currently carries on business;
 - (iv) is in compliance with its constating documents and by-laws; and
 - (v) is in compliance with all applicable provisions of Applicable Law;
- (d) **Authorization; Execution and Delivery; Approval and Conflict.** The execution, delivery and performance by the Corporation of this Debenture and the other Transaction Documents and the creation of the Encumbrances in favour of the Creditor:
- (i) are within the Corporation's and the subsidiaries' corporate power;
 - (ii) have been duly authorized by all necessary or proper corporate and shareholder action;
 - (iii) do not contravene any provision of the Corporation's or the subsidiaries' constating documents or bylaws or any resolutions passed by the directors (or any committee thereof) or shareholders of the Corporation or any of its subsidiaries;
 - (iv) do not result in any breach or violation of any statute or any judgment, decree, order, rule, policy or regulation of any court, governmental authority, arbitrator, stock exchange or securities regulatory authority applicable to the Corporation or any of its subsidiaries or any of their respective properties or assets;
 - (v) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Corporation or any of its subsidiaries is a party or by which the Corporation, any of its subsidiaries or any of their respective property or assets is bound; and
 - (vi) do not require the consent, approval, authorization, order or agreement of, or registrations or qualification with any Governmental Authority or any other Person;

- (e) **Validity of Agreements.** Each of the Debenture and the other Transaction Documents has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable against it in accordance with its terms, subject only to:
- (i) applicable bankruptcy, insolvency, liquidation, reorganization, reconstruction, moratorium laws or similar laws affecting creditors' rights generally; and
 - (ii) the fact that the availability of equitable remedies, such as specific performance and injunctive relief, are in the discretion of a court and may not be available where damages are considered an equitable remedy;
- (f) **Taxes and Filings.** All tax returns, reports and statements, including information returns, required by any governmental authority to be filed by the Corporation and its subsidiaries have been filed with the appropriate governmental authority and all taxes have been paid prior to the date on which any fine, penalty, interest or late charge may be added thereto for non-payment thereof (or any such fine, penalty, interest, late charge or loss has been paid). Proper and accurate amounts have been withheld by the Corporation and its subsidiaries from payments to their respective employees, customers and other applicable payees for all periods in full as required by all Applicable Laws and such withholdings have been timely paid to the respective governmental authorities;
- (g) **Authorized Capital.** The authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 69,308,076 Common Shares are issued and outstanding as of the date hereof. Except pursuant to the Transaction Documents, (i) the Corporation does not have any outstanding agreement, subscription, warrant, option or commitment (nor has it granted any right or privilege capable of becoming an agreement, subscription, warrant, option or commitment) obligating it to issue or sell any Common Shares or other securities, including any security or obligation of any kind convertible into or exchangeable for Common Shares or other security, other than 4,571,152 stock options with an exercise price of \$0.40 per share and 3,000,000 stock options with an exercise price of \$0.66 per share; and (ii) there is no outstanding share or stock appreciation right, phantom equity, restricted share unit, deferred share unit or similar right, agreement, arrangement or commitment based on the market price of the Common Shares or the income or any other attribute of the Corporation or any of its subsidiaries. There is no outstanding shareholder agreement, proxy, voting trust, right to require registration under any applicable securities legislation or any other arrangement or commitment to which the Corporation or any of its subsidiaries is a party or bound, with respect to the voting, disposition or registration of any outstanding securities of the Corporation or any of its subsidiaries;

- (h) **Valid Issuance of Debenture and Underlying Shares.** This Debenture will be duly and validly created and issued, and will be free of restrictions on transfer other than restrictions on transfer set forth in the Debenture and under applicable securities legislation. The Common Shares issuable upon the conversion of the Debenture will be duly and validly authorized, allotted and reserved for issuance upon such conversion and will, upon the conversion of the Debenture in accordance with its terms, be validly issued as fully paid and non-assessable shares in the capital of the Corporation;
- (i) **Corporate Records.** The Corporate Records of the Corporation and each of its subsidiaries are complete and accurate in all material respects and all corporate proceedings and actions reflected therein have been conducted or taken in material compliance with all Applicable Laws and with the constating documents of the Corporation or such subsidiary. Without limiting the generality of the foregoing: (i) the minute books contain, in all material respects, complete and accurate minutes (or drafts thereof) of all meetings of the directors and shareholders of the Corporation and each of its subsidiaries and all such meetings were duly called and held; (ii) the minute books contain all written resolutions passed by the directors and shareholders of the Corporation and each of its subsidiaries and all such resolutions were duly passed; and (iii) the registers of directors and officers of the Corporation and each of its subsidiaries are complete and accurate and all former and present directors and officers of the Corporation and each of its subsidiaries were duly elected or appointed, as the case may be;
- (j) **Restrictive Agreements.** Neither the Corporation nor any of its subsidiaries is subject to any restriction under its constating documents or is party or subject to any Claim, Encumbrance or contract, instrument or other agreement which would prevent (i) the consummation of the transactions contemplated by this Debenture or the other Transaction Documents, (ii) compliance by the Corporation or any of its subsidiaries with the terms, conditions and provisions of this Debenture or the other Transaction Documents, as applicable, or (iii) the Corporation or any of its subsidiaries from carrying on its business as currently conducted after the date hereof;
- (k) **No Material Adverse Change.** Since December 31, 2018, there has been no change in the affairs, assets, liabilities, business, prospects, operations or conditions (financial or otherwise) of the Corporation, on a consolidated basis, which had or would reasonably be expected to have a Material Adverse Change;
- (l) **Financial Statements.** The audited consolidated financial statements for the Corporation for the year ended December 31, 2018, together with the auditors' report thereon and the notes thereto, have been prepared in accordance with GAAP on a basis consistent with prior periods (except as disclosed in such consolidated financial statements) and present fairly and correctly in all material respects the financial

condition and position and results of operations and cash flows of the Corporation on a consolidated basis as at the date thereof;

- (m) **Compliance with Contracts.** Except for matters that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change, (i) neither the Corporation nor any of its subsidiaries nor, to the knowledge of the Corporation, any third party is in breach or default of any contract, instrument or other agreement to which it is a party and (ii) no event has occurred which, with notice or lapse of time or both, would constitute such a default or breach;
- (n) **Accounting Controls.** The Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurance that in all material respects transactions are executed in accordance with management's general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets and access to assets is permitted only in accordance with management's general or specific authorization;
- (o) **Compliance with Laws, Licenses and Permits.** Each of the Corporation and its subsidiaries (i) has conducted and is conducting its business in compliance in all material respects with all Applicable Laws of each jurisdiction in which it carries on business and (ii) possesses or will possess all material approvals, consents, certificates, registrations, authorizations, permits and licenses issued by the appropriate provincial, state, municipal, federal or other regulatory agency or body necessary to carry on its business as currently conducted or contemplated to be conducted (collectively, the "Permits"). Each of the Corporation and its subsidiaries is in compliance in all material respects with the terms and conditions of all such Permits and neither the Corporation nor any of its subsidiaries has received any notice of the material modification, revocation or cancellation of, or any intention to materially modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such Permit;
- (p) **Environmental.**
 - (i) The Corporation and each of its subsidiaries has conducted, and is conducting, its business in compliance in all material respects with Environmental Laws;
 - (ii) None of the properties owned or leased by the Corporation or any of its subsidiaries has been used to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances except in compliance in all material respects with all Environmental Laws;
 - (iii) Neither the Corporation nor any of its subsidiaries has caused or permitted the release of any Hazardous Substances at, in, on, under or from any property owned or leased by the Corporation or

any of its subsidiaries except in compliance in all material respects with all Environmental Laws;

- (iv) All Hazardous Substances handled, recycled, disposed of, treated or stored on or off-site of any of the properties owned or leased by the Corporation or any of its subsidiaries have been handled, recycled, disposed of, treated and stored in material compliance with all Environmental Laws and, to the knowledge of the Corporation, there are no Hazardous Substances at, in, on, under or migrating from any of the aforementioned properties except in material compliance with all Environmental Laws;
 - (v) The Corporation and each of its subsidiaries is in possession of all required environmental approvals (all of which are being complied with in all material respects) required to own, lease, operate, develop and exploit the properties (as and when acquired) and conduct its business as it is now being conducted;
 - (vi) No environmental, reclamation or abandonment obligation or work orders or other liabilities presently exist with respect to any portion of the properties owned or leased by the Corporation or any of its subsidiaries and, to the knowledge of the Corporation, there is no basis for any such obligations or liabilities to arise in the future as a result of any activity on any of these properties owned or leased by the Corporation or any of its subsidiaries; and
 - (vii) Neither the Corporation nor any of its subsidiaries has received from any person or Governmental Authority any notice, formal or informal, of any proceeding, action or other claim, liability or potential liability arising under any Environmental Law that is pending which would be likely to result in any material action being taken by any Governmental Authority or any other person;
- (q) **Assets.** The Corporation and each of its subsidiaries own or otherwise hold good and valid legal title to, or hold a valid leasehold interest in, all material assets and properties that are required to conduct the business and operations of the Corporation and each of its subsidiaries as presently conducted, and there are no Encumbrances on any such assets or properties that would, individually or in the aggregate, materially detract from the value of any such assets or properties or materially and adversely impact the normal use and operation thereof by the Corporation and each of its subsidiaries in the ordinary course of business;
- (r) **Employment and Labour Matters.**
- (i) None of the Corporation or any of its subsidiaries is a party to or bound or governed by, or subject to, or has any liability with respect to (i) any collective bargaining or union agreement or other similar arrangement with any labour union or employee associate, or any actual or, to the knowledge of the Corporation,

- threatened application for certification or bargaining rights in respect of the Corporation or any of its subsidiaries or (ii) any labour dispute, work stoppage or slowdown, strike or lock-out relating to or involving any employees of the Corporation or any of its subsidiaries;
- (ii) Each of the Corporation and its subsidiaries have operated in material compliance with all Applicable Laws with respect to employment and labour in all material respects, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights, labour relations and privacy and, except for proceedings that would not reasonably be expected to have a Material Adverse Change, there are no current, pending or, to the knowledge of the Corporation, threatened proceedings by or before any Governmental Authority with respect to any such matters;
- (iii) Each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, pension, incentive or otherwise contributed to, or required to be contributed to, by the Corporation or any of its subsidiaries for the benefit of any current or former officer, director, employee or consultant of the Corporation or any of its subsidiaries has been maintained in material compliance with the terms thereof and with the requirements prescribed by any and all statutes, orders, rules, policies and regulations that are applicable to any such plan;
- (s) **Insolvency.** Neither the Corporation nor any of its subsidiaries has admitted in writing that it is, or has been declared to be, insolvent or unable to pay its debts. Neither the Corporation nor any of its subsidiaries has committed an act of bankruptcy or sought protection from its creditors before any court or pursuant to any legislation, proposed a compromise or arrangement to its creditors generally, taken any proceeding with respect to a compromise or arrangement, taken any proceeding to be declared bankrupt or wound up, taken any proceeding to have a receiver appointed of any of its assets, had any person holding any Encumbrance, charge, hypothec, pledge, mortgage, title retention agreement or other security interest or receiver take possession of any of its property, had an execution or distress become enforceable or levied upon any portion of its property or had any petition for a receiving order in bankruptcy filed against it;
- (t) **Legal Proceedings.** Other than as disclosed in Schedule C, there is no material action, suit or proceeding, at law or in equity, by any person, nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the Corporation any investigation by) any Governmental Authority pending, or, to the knowledge of the

Corporation, threatened against or affecting the Corporation, any of its subsidiaries or any of their respective properties or rights and, to the knowledge of the Corporation, there is no valid basis which would reasonably be expected to result in any such action, suit, proceeding, arbitration or investigation or which would reasonably be expected to prevent or delay the issuance of this Debenture, the execution and delivery of any of the other Transaction Documents, or have a Material Adverse Change on the Corporation or any of its subsidiaries or its assets. Neither the Corporation nor any of its subsidiaries is subject to any judgment, order or decree entered in any lawsuit or proceeding;

- (u) **Insurance.** The assets, business and operations of the Corporation and each of its subsidiaries will be insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in a comparable business in comparable circumstances and such coverage shall be in full force and effect, shall name the Creditor as first loss payee and additional insured, and neither the Corporation nor any of its subsidiaries shall fail to promptly give any notice or present any material claim thereunder;
- (v) **Taxes.** The Corporation and each of its subsidiaries has duly and timely filed all material returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such returns are or will be upon filing, true, complete and correct in all material respects. Each of the Corporation and its subsidiaries has paid or has collected, withheld and remitted to the appropriate Governmental Authority on a timely basis all material Governmental Charges which are due and payable, other than those which are being or have been contested in good faith and, where payment is not yet due. No audit, action, investigation, deficiencies, litigation, proposed adjustments or other matters in controversy exist or have been asserted or threatened with respect to Governmental Charges of the Corporation or any of its subsidiaries, and neither the Corporation nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Governmental Charges and no such event has been asserted or, to the knowledge of the Corporation, threatened against the Corporation or any of its subsidiaries or any of their respective assets, except where such deficiencies or other matters, actions or proceedings would not reasonably be expected to have a Material Adverse Change. There are no currently effective material elections, agreements or waivers extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of any Governmental Charges, or of the filing of any return or any payment of Governmental Charges by the Corporation or any of its subsidiaries;
- (w) **Accuracy of Disclosure.** All written and factual information previously or contemporaneously furnished to the Creditor by or on behalf of the Corporation for purposes of or in connection with this Debenture, the other Transaction Documents or any transaction contemplated hereby or thereby, is true and accurate in every material respect and such

information is not incomplete by the omission of any material fact necessary to make such information not misleading;

- (x) **No Withholding of Information.** The Corporation has not withheld from the Creditor any fact or information relating to the Corporation or any of its subsidiaries or to the transactions contemplated by this Debenture or the other Transaction Documents that would, in the reasonable opinion of the Corporation, be material to the Creditor in deciding whether to enter into this Debenture and the other Transaction Documents.

3.4 **Survival of Representations and Warranties**

The representations and warranties of the Corporation contained in this Debenture and in all certificates delivered pursuant to or contemplated by this Debenture will survive the execution of this Debenture. Each representation and warranty will be deemed to repeat (x) on the first day of each month preceding (x) the Maturity Date, with reference to the facts and circumstances then subsisting, as if made at such time, and (y) on the date of each advance hereunder.

ARTICLE FOUR **CONDITIONS PRECEDENT**

4.1 **Conditions Precedent to Advance**

The obligation of the Creditor to make the advance under this Debenture will be subject to the completion of each of the following conditions precedent to the satisfaction of the Creditor:

- (a) prior written approval of the Creditor to such advance;
- (b) the execution and delivery of the Guarantee in form and substance satisfactory to the Creditor, guaranteeing the Obligations;
- (c) the execution and delivery of each of the Transaction Documents to which it is a party by the Corporation and Opco in form and substance satisfactory to the Creditor;
- (d) the Corporation shall have obtained and provided evidence to the Creditor of all necessary corporate approvals;
- (e) the Corporation and each of its subsidiaries shall have delivered an officer's certificate attaching certified copies of their constating documents, a certificate of incumbency and certified directors' resolutions of the Corporation and each of the subsidiaries authorizing the transactions contemplated hereby;
- (f) the Creditor shall be in receipt of all customary legal opinions in form and substance satisfactory to the Creditor;
- (g) confirmation that no default or event of default exists under any of the Transaction Documents;

- (h) a bringdown certificate of the Corporation confirming that all representations and warranties of the Corporation contained herein remain true and correct in all material respects;
- (i) all required filings and registrations shall have been made which, in the reasonable opinion of the Creditor's counsel, are desirable or required to make effective the Security Interest created or intended to be created by the Corporation, its subsidiaries and Opco in favour of the Creditor and to ensure the perfection and priority of the Security Interest; and
- (j) such other documents, information and deliveries as may be reasonably required by the Creditor.

ARTICLE FIVE
CONVERSION OF CONVERTIBLE DEBENTURE

5.1 Optional Conversion of Debenture into Shares.

- (a) **Optional Conversion.** The Creditor shall have the right, at its option upon written notice at any time and from time to time during which the principal sum remains outstanding under this Debenture, to convert the whole or any part of the principal sum then outstanding hereunder into such number of Common Shares determined by a fraction equal to:
 - (i) the numerator of which shall be the amount of principal sum being converted; and
 - (ii) the denominator of which shall be the Conversion Price;
- (b) **Conversion Mechanism.** The Creditor may exercise its rights to convert herein by (i) delivering to the Corporation a written notice exercising its right to convert in accordance with the provisions hereof, designating such part of the principal sum or interest hereof to be converted at such time, and (ii) surrendering this Debenture to the Corporation at its principal office. Thereupon, the Creditor shall be entered in the books of the Corporation as at the Date of Conversion as the holder of the number of fully paid and non-assessable Common Shares into which the designated principal sum is convertible in accordance with the provisions hereof and, as soon as practicable thereafter, the Corporation shall deliver a certificate or certificates representing such Common Shares to the Creditor.

5.2 Date of Conversion.

For the purposes hereof, this Debenture (or such part thereof, if applicable) shall be deemed to be converted on the Date of Conversion. As of and from the Date of Conversion, the Common Shares so issued shall for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares in the name of the Creditor. Upon the issue by the Corporation of the said certificate or certificates, the principal amount of this Debenture, as the case may be, shall be automatically reduced by such principal amount.

5.3 No Fractional Shares.

Notwithstanding anything contained herein, the Corporation shall in no case be required to issue fractional Common Shares upon the conversion of this Debenture. If any fractional interest in the Common Shares would, except for the provisions of this Section, be deliverable upon the conversion of this Debenture, the Corporation shall, in lieu of delivering any certificate of fractional interest, satisfy the fractional interest by paying to the Creditor an amount of lawful money of Canada equal (computed to the nearest whole cent, with one-half of a cent being rounded up) to the principal amount of the Debenture outstanding after so much of the principal amount as may be converted into a whole number of Common Shares has been so converted.

5.4 Reservation of Common Shares.

The Corporation covenants and agrees that so long as any part of the principal sum outstanding hereunder or interest under this Debenture remains outstanding it will at all times reserve out of its unissued Common Shares against the conversion rights conferred on the Creditor herein a sufficient number of unissued Common Shares so as to entitle all of such principal sum outstanding hereunder at any time to be converted upon the basis and upon the terms and conditions provided for in this ARTICLE Five.

5.5 Adjustment of Shares of the Corporation.

- (a) For the purpose of this Section 5.5, unless there is something in the subject matter or context inconsistent therewith, the words and terms defined below shall have the respective meanings specified therefor:

"Current Market Price" of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the TSX Venture Exchange ("**TSXV**") or, if the Common Shares are not then listed on the TSXV, on such other Canadian stock exchange on which the shares trade as may be selected by the directors of the Corporation for such purpose or, if the Common Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of any twenty consecutive trading days ending not more than five business days before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during the said twenty consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the counter market, then the Current Market Price shall be determined by such firm of independent chartered accountants as may be selected by the directors of the Corporation;

"director" means a director of the Corporation for the time being and, unless otherwise specified herein, a reference to action "by the directors" means action by the directors of the Corporation as a board or, whenever empowered, action by the executive committee of such board; and

"trading day" with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business.

- (b) If and whenever at any time after the date hereof and prior to the Maturity Date the Corporation shall (i) subdivide or redivide its then outstanding Common Shares into a greater number of Common Shares, (ii) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares or (iii) issue Common Shares (or securities exchangeable for or convertible into Common Shares) to the holders of all or substantially all of its then outstanding Common Shares by way of a stock dividend or other distribution (any of such events herein called a "**Common Share Reorganization**"), then the Conversion Price shall be adjusted effective immediately after the effective date of any such event in (i) or (ii) above or the record date at which the holders of Common Shares are determined for the purpose of any such dividend or distribution in (iii) above, as the case may be, by multiplying the Conversion Price in effect on such effective date or record date, as the case may be, by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date, as the case may be, before giving effect to such Common Share Reorganization and the denominator of which shall be the number of Common Shares outstanding immediately after giving effect to such Common Share Reorganization including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would be outstanding if such securities were exchanged for or converted into Common Shares.
- (c) If at any time after the date hereof and prior to the Maturity Date the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares, of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the "**Rights Period**"), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being herein called a "**Rights Offering**"), the Conversion Price shall be adjusted effective immediately after the record date for the Rights Offering to the amount determined by multiplying the Conversion Price in effect on such record date by a fraction:
- (i) the numerator of which shall be the aggregate of
- the number of Common Shares outstanding on the record date for the Rights Offering; and
- the quotient determined by dividing
- I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to

the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by

- II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
- (ii) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this Section 5.5(c), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Conversion Price occurs pursuant to this Section 5.5(c) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this Section 5.5(c), the Conversion Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Conversion Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

If this Debenture has been converted during the period beginning after the record date for a Rights Offering and ending on the last day of the Rights Period thereunder, the Creditor will, in addition to the Common Shares to which it is otherwise entitled upon such conversion, be entitled to that number of additional Common Shares equal to the difference, if any, between (x) the result obtained when the Conversion Price in effect immediately prior to the end of such Rights Offering pursuant to this subsection is multiplied by the number of Common Shares received upon the conversion of this Debenture during such period, and the resulting product is divided by the Conversion Price as adjusted for such Rights Offering pursuant to this subsection provided that the provisions of Section 5.3 herein will be applicable to any fractional interest in a

Common Share to which the Creditor might otherwise be entitled and (y) the number of Common Shares received upon the conversion of this Debenture during such Rights Period. Such additional Common Shares will be deemed to have been issued to the Creditor immediately following the end of the Rights Period and a certificate for such additional Common Shares will be delivered to the Creditor within 10 business days following the end of the Rights Period.

- (d) If at any time after the date hereof and prior to the Maturity Date, the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the Common Shares of:
- (i) shares of the Corporation of any class other than Common Shares;
 - (ii) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share at the date of issue of such securities) of at least 95% of the Current Market Price of the Common Shares on such record date);
 - (iii) evidences of indebtedness of the Corporation; or
 - (iv) any property or assets of the Corporation (for greater certainty, including cash, but excluding a cash dividend in the ordinary course);

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Conversion Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Conversion Price in effect on the record date for the Special Distribution by a fraction:

the numerator of which shall be the difference between:

- I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
- II. the fair value (as determined by action by nationally or internationally recognized and independent firm of chartered accountants as may be selected by action by the directors of the Corporation, and subject to the approval of any stock exchange on

which the Common Shares may then be listed, where required) to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and

the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Conversion Price occurs pursuant to this Section 5.5(d) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this Section 5.5(d), the Conversion Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect if the fair market value had been determined on the basis of the number of Common Shares issued and remaining issuable immediately after such expiry, and shall be further readjusted in such manner upon the expiry of any further such right.

- (e) If and whenever at any time after the date hereof and prior to the Maturity Date there is a capital reorganization of the Corporation or a reclassification or other change in the Common Shares (other than a Common Share Reorganization) or a consolidation or merger or amalgamation of the Corporation with or into any other corporation or other entity (other than a consolidation, merger or amalgamation which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other securities), or a transfer of all or substantially all of the Corporation's undertaking and assets to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a "**Capital Reorganization**"), after the effective date of the Capital Reorganization the Creditor shall be entitled to receive, and shall accept, for the same aggregate consideration, upon conversion of this Debenture, in lieu of the number of Common Shares to which the Creditor was theretofore entitled upon the conversion of this Debenture, the kind and aggregate number of Common Shares and other securities or property resulting from the Capital Reorganization which the Creditor would have been entitled to receive as a result of the Capital Reorganization as if, on the effective date thereof, the Creditor has been the registered holder of the number of Common Shares to which the Creditor was theretofore entitled to purchase or receive upon the conversion of this Debenture. If necessary, as a result of any Capital Reorganization, appropriate adjustments shall be

made in the application of the provisions of this Debenture with respect to the rights and interest thereafter of the Creditor to the end that the provisions of this Debenture shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of this Debenture.

- (f) If the Corporation takes any action affecting its Common Shares to which the foregoing provisions of this Section 5.5, in the opinion of the directors of the Corporation, acting in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Creditor against dilution in accordance with the intent and purposes hereof, or would otherwise materially affect the rights of the Creditor hereunder, then the Corporation shall, subject to the approval of any stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable, execute and deliver to the Creditor an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such manner as the directors of the Corporation may determine to be equitable in the circumstances, acting in good faith. The failure of the taking of action by the directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence that the directors has determined that it is equitable to make no adjustment in the circumstances.

5.6

Adjustment Rules

The following rules and procedures shall be applicable to the adjustments made pursuant to Section 5.5 herein:

- (a) any Common Shares owned or held by or for the account of the Corporation shall be deemed not be to outstanding except that, for the purposes of Section 5.5 herein, any Common Shares owned by a pension plan or profit sharing plan for employees of the Corporation or any of its subsidiaries shall not be considered to be owned or held by or for the account of the Corporation;
- (b) the adjustments provided for in Section 5.5 herein are cumulative and shall apply to successive subdivisions, consolidations, dividends, distributions and other events resulting in any adjustment under the provisions of such item;
- (c) in the absence of a resolution of the board of directors of the Corporation fixing a record date for any dividend or distribution referred to in Section 5.5(b)(iii) herein, the Corporation shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution is effected;
- (d) if the Corporation sets a record date to take any action and thereafter and before the taking of such action abandons its plan to take such

action, then no adjustment to the Conversion Price will be required by reason of the setting of such record date;

- (e) as a condition precedent to the taking of any action which would require any adjustment to this Debenture evidenced hereby, including the Conversion Price, the Corporation must take any corporate action which may be necessary in order that the Corporation shall have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all of the shares or other securities which the Creditor is entitled to receive on the conversion thereof in accordance with the provisions hereof;
- (f) forthwith, but no later than 14 days, after any adjustment to the Conversion Price, the Corporation shall provide to the Creditor a certificate of an officer of the Corporation certifying as to the amount of such adjustment and, in reasonable detail, describing the event requiring and the manner of computing or determining such adjustment;
- (g) any question that at any time or from time to time arises with respect to the amount of any adjustment to the Conversion Price or other adjustment pursuant to Section 5.5 herein shall be conclusively determined by a firm of independent chartered accountants (who may be the Corporation's auditors) and shall be binding upon the Corporation and the Creditor;
- (h) in case the Corporation, after the date of issue of this Debenture, takes any action affecting the Common Shares, other than an action described in Section 5.5 herein, which in the opinion of the directors of the Corporation would materially affect the rights of the Creditor, the Conversion Price will be adjusted in such manner, if any, and at such time, by action by the directors of the Corporation but subject in all cases to any necessary regulatory approval, including approval of any stock exchange or quotation system on which the Common Shares are then listed and posted (or quoted) for trading, as applicable. Failure of the taking of action by the directors of the Corporation so as to provide for an adjustment on or prior to the effective date of any action by the Corporation affecting the Common Shares will be conclusive evidence that the directors of the Corporation has determined that it is equitable to make no adjustment in the circumstances; and
- (i) on the happening of each and every such event set out in Section 5.5 herein, the applicable provisions of this Debenture, including the Conversion Price, shall, *ipso facto*, be deemed to be amended accordingly and the Corporation shall take all necessary action so as to comply with such provisions as so amended.

5.7 Notice of Special Matters

The Corporation shall give notice to the Creditor, in the manner provided in Section 7.7(a), of its intention to fix a record date for any event mentioned in Section 5.5 which may give rise to an

adjustment in the Common Shares which may be acquired pursuant to this ARTICLE Five, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days prior to such applicable record date.

5.8 Partial Conversion

Upon the Creditor exercising the right of conversion in respect of only a part of the Debenture and surrendering such Debenture to the Corporation, the Corporation shall cancel the same and shall without charge forthwith certify and deliver to the Creditor a new Debenture in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered.

ARTICLE SIX **EVENTS OF DEFAULT**

6.1 Events of Default.

The occurrence of any of the following events shall constitute an "Event of Default" under this Debenture:

- (a) if a default occurs, which continues after the passage of any applicable cure period, under any agreement or instrument evidencing indebtedness of the Corporation in excess of \$200,000;
- (b) if default occurs in payment when due of any principal or other amounts payable under this Debenture or any other Transaction Document;
- (c) if default occurs in observance of Section 3.2 of this Debenture;
- (d) if default occurs in performance of any other covenant of the Corporation in favour of the Creditor under this Debenture (excluding Section 3.2 hereof) or any other Transaction Document, and remains unremedied for a period of fifteen (15) days or is not otherwise waived;
- (e) if a default occurs in respect of any material agreement to which the Corporation or any of its subsidiaries is a party to and any applicable cure period in respect thereof expires or such default is not otherwise waived;
- (f) if Opco is notified by Health Canada that Health Canada has revoked or suspended its license to cultivate, process or sell Cannabis;
- (g) if the Corporation or any of its subsidiaries commits an act of bankruptcy or a petition or other process for the bankruptcy of the Corporation or any of its subsidiaries is filed or instituted and remains undismissed or unstayed for a period of thirty (30) days or any of the relief sought in such proceeding (including the appointment of a

- receiver, trustee, custodian or other similar official for it or any substantial part of its property) shall occur;
- (h) if any action or proceeding is launched or taken to terminate the corporate existence of the Corporation or any of its subsidiaries, whether by winding-up, surrender of charter or otherwise;
 - (i) if the Corporation or any of its subsidiaries ceases to carry on its business or makes or proposes to make any sale of its assets in bulk or any sale of its assets out of the usual course of its business;
 - (j) if any proposal is made or any petition is filed by or against the Corporation or any of its subsidiaries under any law having for its purpose the extension of time for payment, composition or compromise of the liabilities of the Corporation or any of its subsidiaries or other reorganization or arrangement respecting its liabilities and such proposal or petition is not stayed or dismissed within twenty (20) days or if the Corporation or any of its subsidiaries gives notice of its intention to make or file any such proposal or petition including an application to any court to stay or suspend any proceedings of creditors pending the making or filing of any such proposal or petition;
 - (k) if any receiver, administrator, or manager of the property, assets or undertaking of the Corporation or any of its subsidiaries or a substantial part thereof is appointed, whether privately, pursuant to any statute, or by or under any judgment or order of any court;
 - (l) if any proceedings are taken to enforce any Encumbrance affecting the assets of the Corporation or any of its subsidiaries or if a distress or any similar process be levied or enforced against such assets and such proceedings are not dismissed or stayed within twenty (20) days after the commencement thereof;
 - (m) the admission in writing by the Corporation or any of its subsidiaries of its inability to pay its debts generally as they become due;
 - (n) the making by the Corporation or any of its subsidiaries of a general assignment for the benefit of its creditors;
 - (o) there is a Change of Control; or
 - (p) the Cannabis Act is repealed and not replaced with similar legislation.

Upon the occurrence and during the continuance of an Event of Default, following written notice from the Creditor to the Corporation, all Obligations shall become forthwith due and payable.

6.2 Rights of the Creditor

The Creditor, without exonerating in whole or in part the Corporation, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from

perfecting securities of, may accept compositions from, and may otherwise deal with the Corporation and all other Persons and securities as the Creditor may see fit.

Nothing herein shall obligate the Creditor to extend or amend any credit to the Corporation or to any other Person.

ARTICLE SEVEN **GENERAL**

7.1 Waiver.

No act or omission by the Creditor in any manner whatever shall extend to or be taken to affect any provision hereof or any subsequent breach or default or the rights resulting therefrom save only an express waiver in writing. No waiver of any of the provisions of this Debenture shall be deemed to constitute a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a waiver or continuing waiver unless expressly provided in writing duly executed by the party to be bound thereby. A waiver of default shall not extend to, or be taken in any manner whatsoever to affect the rights of the Creditor with respect to any subsequent default, whether similar or not. The Corporation waives every defence based upon any or all indulgences that may be granted to the Creditor.

7.2 No Merger or Novation.

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Corporation to pay the moneys owing hereby nor shall the same operate as a merger of any covenant herein contained or of any other Obligation, nor shall the acceptance of any payment or security constitute or create any novation.

7.3 Confidentiality.

- (a) All Confidential Information shall be treated as confidential by the Parties and shall not be disclosed to any other Person other than in circumstances where a Party has an obligation to disclose such information in accordance with Applicable Law, in which case, such disclosure shall only be made after consultation with the other Parties (if reasonably practicable and permitted by Applicable Law) provided that any public disclosure of such information shall always omit or redact the Redacted Information (the "**Redaction Requirement**").
- (b) In the event that Applicable Law requires a Party to disclose Redacted Information, such disclosure shall only be made after consultation with the other Party and the Parties shall mutually agree on the applicable disclosure of the Redacted Information, each acting reasonably.
- (c) Notwithstanding the foregoing, each of the Parties acknowledges and agrees that:
 - (i) each of the Creditor and the Corporation may disclose Confidential Information, subject to the Redaction Requirement, to:

- A. a person providing financing or funding to the Corporation or the Creditor, as applicable;
- B. any prospective purchaser of the Creditor's interest under this Debenture, together with such prospective purchaser's financiers, consultants and advisors (financial and legal),

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

- (ii) each of the Parties may disclose Confidential Information to their respective directors, officers and employees (and the directors, officers and employees of their respective Affiliates) and the directors, officers, partners or employees of any financial, accounting, legal and professional advisors of such Party and its Affiliates, as well as any contractors and subcontractors of such Party, provided that each of such individuals to whom Confidential Information is disclosed is advised of the confidentiality of such information and is directed to abide by the terms and conditions of this Section 7.3;

The provisions of this Section 7.3 shall apply indefinitely.

7.4 **Amalgamation.**

The Corporation acknowledges that if it amalgamates with any other corporation or corporations (a) the term "Corporation", where used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and (b) the term, "Obligations", where used herein shall extend to and include the Obligations of each of the amalgamating corporations and the amalgamated corporation.

7.5 **Creditor May Remedy Default.**

If the Corporation fails to do anything hereby required to be done by it, the Creditor may, but shall not be obliged to, do all or any such things, and all sums thereby expended by the Creditor shall be payable forthwith by the Corporation, shall be secured by the Security Documents and shall have the benefit of the lien created thereby, but no such performance by the Creditor shall be deemed to relieve the Corporation from any default or Event of Default hereunder.

7.6 **Discharge and Satisfaction.**

Upon payment or satisfaction in full by the Corporation to the Creditor of all moneys owing hereunder, these presents shall cease and become null and void, but the Creditor shall upon the request of the Corporation, execute and deliver to the Corporation a full release and discharge.

7.7 Notices.

All notices, requests, demands or other communications (collectively, “Notices”) by the terms hereof required or permitted to be given by one Party to the other Party, or to any other Person shall be given by e-mail as the primary and required form of notice with return receipt confirmed and, as a supplemental form of notice only, in writing by personal delivery or by registered mail, postage prepaid, or by facsimile transmission to such other party at:

(a) to the Creditor at:

Canopy Rivers Corporation
40 King Street West, Suite 2504
Toronto, Ontario
M5H 3Y2

Attention: Eddie Lucarelli
Email: eddie@canopyrivers.com

(b) to the Corporation at:

Radicle Cannabis Holdings Inc.
90 Beach Road
Hamilton, Ontario
L8P 2J7

Attention: Ziad Reda, Chief Executive Officer
Email: ziadr@radiclecannabis.ca

or at such other address as may be given by such Party to the other Party hereto in writing from time to time. All such Notices shall be deemed to have been received when delivered or transmitted, or, if mailed, seventy-two (72) hours after 12:01 a.m. on the day following the day of the mailing thereof. If any Notice shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities, such Notice shall be deemed to have been received seventy-two (72) hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted, all Notices shall be given by Personal delivery, by facsimile transmission or by e-mail.

7.8 Invalidity of any Provisions.

Any provision of this Debenture which is prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining terms and provisions hereof or thereof and no such invalidity shall affect the obligation of the Corporation to repay the Obligations. This Debenture and all its provisions shall enure to the benefit of the Creditor, its successors and assigns and shall be binding upon the Corporation, its successors and assigns. Presentment, notice of dishonour, protest and notice of protest hereof are hereby waived.

7.9 Amendments.

This Debenture may only be amended by written agreement signed by each of the Parties hereto.

7.10 Entire Agreement.

This Debenture sets forth the entire understanding of the Parties with respect to the subject matter hereof and supersedes all existing agreements between them concerning such subject matter.

7.11 Assignments.

The Corporation may not assign, transfer or deliver all or any part of its rights or obligations hereunder without the prior written consent of the Creditor. The Creditor may, at any time, without the Corporation's consent, assign, transfer or deliver all or any part of its rights and obligations hereunder.

7.12 No Notice of Trust.

The Creditor or its legal representative will be regarded as exclusively entitled to the benefit of this Debenture and all persons may act accordingly and the Corporation shall not be bound to enter in the register notice of any trust or, except as by some court of competent jurisdiction ordered, to recognize any trust or equity affecting the title to this Debenture.

7.13 Further Assurances.

The Corporation shall, and shall cause each of its subsidiaries to, at the Corporation's expense and upon request of the Creditor, duly execute and deliver, or cause to be duly executed and delivered, to the Creditor such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Creditor to carry out more effectively the provisions and purposes of this Debenture and the other Transaction Documents.

7.14 Expenses.

Whether or not the transactions contemplated by this Debenture shall be consummated, each Party shall pay its own out of pocket expenses, including the reasonable fees and disbursements of any expert or advisers (including, without limitation, lawyers) incurred in connection with the preparation, negotiation, execution, administration or interpretation of the Debenture, and any amendment, modification or waiver of any of the provisions thereof. The Corporation shall pay all costs and expenses (including legal fees) incurred by the Creditor, or its agents on its behalf, in connection with the protection and enforcement of the rights of the Creditor provided for in this Debenture. All statements, reports, certificates, opinions, appraisals and other documents or information required to be furnished to the Creditor by the Corporation under this Debenture shall be supplied by the Corporation without cost to the Creditor.


7.15 Payments without Deduction.

All payments to be made by the Corporation under this Debenture (whether on account of principal, interest, fees, costs or any other amount) shall be made in Canadian dollars and shall be made in freely transferable, immediately available funds and without set-off, withholding or deduction of any kind whatsoever, except to the extent required by applicable law.

[Signature Page to Follow]

IN WITNESS WHEREOF the Corporation has caused this Debenture to be executed as of the date first written above.

RADICLE CANNABIS HOLDINGS INC.

Per: 
Name: Ziad Reda
Title: President

I have authority to bind the Corporation.

**SCHEDULE B
LOCATION OF ASSETS AND BUSINESS**

90 Beach Rd
Hamilton, ON L8L 3Z9

**SCHEDULE C
LEGAL PROCEEDINGS**

See attached.

FOREMAN, ROSENBLATT & LEWIS**Barristers & Solicitors**

425 York Blvd.
Hamilton, ON L8R 3M3

Telephone: 905-525-3570
Fax: 905-523-0363

Albert I. Foreman, Q.C. (1931 - 2017)
Mitchell B. Rosenblatt, B.A., LL.B.
Christine M. Lewis, LL.B.
Tyler L. Richards, H.B.Sc., J.D.

REPLY TO: Mitchell B. Rosenblatt, Ext. 227
EMAIL: mbrosenblatt@yorklawcentre.com
LAW CLERK: Terri Doan, Ext. 230
EMAIL: tdoan@yorklawcentre.com

December 11, 2019

TO WHOM IT MAY CONCERN:

Dear Sirs:

Re: 1826458 Ontario Inc. ("182") et al ats United Glass Services ("UGS")
Re: Canopy Rivers/Radicl

There is a lien action, commenced by United Glass Services Inc., ("United Glass"), being Court File No. 18-65526 against 2138825 Ontario Inc., ("213"), and 1826458 Ontario Inc. ("182"), in the amount of \$354,125.85, for the balance owing under a Contract, together with interest and costs.

United Glass alleges that, as contractor, it provided services, related improvements and materials to properties known municipally as 60 and 40 Beach Rd., Hamilton, Ontario, owned by 213, pursuant to a Contract, entered into on or about March 22, 2017 with 182, the General Contractor. The alleged price agreed upon for the work and supply of material was \$1,956,156.71, including HST.

United Glass alleges that there is a balance owing to it in the amount of \$354,125.85 and interest and legal costs on a substantial indemnity basis.

182 has defended the claims, and is pursuing a counterclaim for an undetermined amount of damages and interest and costs, on *inter alia*, the following basis:

- a) 182 is not an "owner" within the *Construction Lien Act*;
- b) United Glass failed to do much of the work it had agreed to do, and much of the work done was deficient, and not in accordance with the parties' Contract;
- c) United Glass failed to perform the work in a timely manner; and,
- d) United Glass charged for "extras", which were either not "extras", or which had not been agreed upon.

- 2 -

As for the status of the action and counterclaim, we can advise that not all Examinations for Discovery have been completed as of this date.

Should you require any further information, kindly contact the writer.

Yours very truly,

FOREMAN, ROSENBLATT & LEWIS

Per:

A handwritten signature in black ink that reads "Mitchell B. Rosenblatt". The signature is written in a cursive style and includes a small "MBR" monogram at the end.

MITCHELL B. ROSENBLATT, B.A., LL.B.

MBR*terri
cc client

This is Exhibit “J” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

CANOPY RIVERS CORPORATION

- and -

RADICLE MEDICAL MARIJUANA INC.

ROYALTY AGREEMENT

AUGUST 4, 2017

ROYALTY AGREEMENT

THIS CANNABIS ROYALTY AGREEMENT is made as of August 4, 2017 (the “**Execution Date**”)

BETWEEN:

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

- and -

RADICLE MEDICAL MARIJUANA INC., a
corporation existing under the laws of the Province of
Ontario (“**Radicle**”)

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

AND WHEREAS Radicle issued a Repayable Debenture to Canopy Rivers on the Execution Date, the repayment of which shall be satisfied on the Commencement Date as a set-off for the Royalty Purchase Price;

AND WHEREAS beginning on the Commencement Date, Radicle shall pay a Royalty to Canopy Rivers in accordance with the terms of this Agreement;

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

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

ARTICLE 1 **INTERPRETATION**

1.1 **Defined Terms**

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

- (a) “**ACMPR**” means the Access to Cannabis for Medical Purposes *Regulations* which came into force on August 24, 2016, and as may be amended from time to time;
- (b) “**Action**” means any actual or threatened claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, investigative, regulatory or other, whether at law, in equity or otherwise;
- (c) “**Affiliate**” has the meaning set out in the *Business Corporations Act* (Ontario);

- (d) **“Agreement”**, **“this Agreement”**, **“herein”**, **“hereby”**, **“hereof”**, **“hereunder”** and similar expressions mean or refer to this Agreement and any and all agreements in writing between the Parties amending this Agreement or supplemental or ancillary hereto and, unless the context otherwise requires, the expressions **“Article”**, **“Section”** or **“Schedule”** followed by a number or letter mean and refer to the specified Article or Section of, or Schedule to, this Agreement;
- (e) **“Annual Maximum Royalty”** has the meaning set out in Section 2.4(a);
- (f) **“Annual Minimum Royalty”** has the meaning set out in Section 2.1(a);
- (g) **“Annual Report”** means a certified report from the Chief Executive Officer of Radicle with respect to:
- (i) the amount and varieties of Cannabis Produced at or from the Property and the Phase 1 Operations during a Contract Year;
 - (ii) estimates of anticipated Cannabis to be Produced at or from the Property and the Phase 1 Operations for the current Contract Year; and
 - (iii) all operations during the Contract Year were conducted in accordance with Applicable Law;
- (h) **“Applicable Law”** means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, protocol, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval, in each case, of any Governmental Authority and having the force of law, binding on or affecting the Party referred to in the context in which the term is used or binding on or affecting the property of such Party, all of the foregoing as may exist as of the Effective Date or as may be implemented, revised or modified from time to time after the Effective Date;
- (i) **“Audit Dispute Notice”** has the meaning set out in Section 5.4(a);
- (j) **“Bankruptcy Proceeding”** means, in respect of any Person:
- (i) if a Person commits an act of bankruptcy or a petition or other process for the bankruptcy of the Person is filed or instituted and remains undismissed or unstayed for a period of 30 days or any of the relief sought in such proceeding (including the appointment of a receiver, trustee, custodian or other similar official for it or any substantial part of its property) shall occur;
 - (ii) if any proposal is made or any petition is filed by or against the Person under any law having for its purpose the extension of time for payment, composition or compromise of the liabilities of the Person or other reorganization or arrangement respecting its liabilities and such proposal or petition is not stayed or dismissed within 20 days or if the Person gives notice of its intention to make or file any such proposal or petition including an application to any court to stay or suspend any proceedings of creditors pending the making or filing of any such proposal or petition;

- (iii) if any receiver, administrator, or manager of the property, assets or undertaking of the Person or a substantial part thereof is appointed, whether privately, pursuant to any statute, or by or under any judgment or order of any court;
 - (iv) if any proceedings are taken to enforce any Encumbrance affecting the assets of the Person or if a distress or any similar process be levied or enforced against such assets and such proceedings are not dismissed or stayed within 20 days after the commencement thereof;
 - (v) the admission in writing by the Person of its inability to pay its debts generally as they become due; or
 - (vi) the making by the Person of a general assignment for the benefit of its creditors;
- (k) **“Business Day”** means any day other than a Saturday or Sunday or any other day which shall be a statutory or civic holiday or day on which banking institutions are closed in the City of Toronto, Ontario;
- (l) **“Cannabis”** means all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material and trichomes. For greater certainty, the definition of Cannabis covers all dried flower Produced, whether or not such Cannabis is thereafter converted into an oil, extract or any other alternative product;
- (m) **“Claim”** means any Action brought against a Person entitled to indemnification under Article 7;
- (n) **“Claimant”** has the meaning set out in Section 9.3(c);
- (o) **“Commencement Date”** means the date upon which the License is issued by Health Canada to Radicle;
- (p) **“Confidential Information”** means the terms of this Agreement and any other information and intellectual property concerning any matters affecting or relating to the business, operations, assets, results or prospects of the Parties, including information regarding plans, budgets, costs, processes, results of experimentation and other data, except to the extent that such information has already been publicly released by a Party as allowed herein or that the Party providing such information can demonstrate was previously publicly released by a Person who did not do so in violation or contravention of any duty or agreement;
- (q) **“Contract Month”** means:
- (i) firstly, the period from the Commencement Date until the last day of the month in which the Commencement Date falls; and
 - (ii) thereafter, every consecutive one (1) month period during the term of this Agreement;
- (r) **“Contract Year”** means:

- (i) firstly, the period from the Commencement Date until the first anniversary thereof; and
 - (ii) thereafter, every consecutive twelve (12) month period during the term of this Agreement;
- (s) **“Direct Claim”** has the meaning set out in Section 7.2(a);
 - (t) **“Dispute”** means any differences, disagreements, questions, controversies or claims (including claims for indemnification) between the Parties as to the interpretation, application or administration of this Agreement, any aspect of the performance by a Party of its obligations under this Agreement or any other matter or question arising out of or relating to this Agreement;
 - (u) **“Expert”** has the meaning set out in Section 9.5(a);
 - (v) **“Expert Appointment Deadline”** has the meaning set out in Section 9.5(a);
 - (w) **“Expert’s Report”** has the meaning set out in Section 5.4(a);
 - (x) **“Governmental Authorities”** means any municipal, regional, provincial or federal governments and their agencies, authorities, branches, departments, commissions or boards, having or claiming jurisdiction over Radicle and/or Radicle’s assets, and **“Governmental Authority”** shall mean any one of the Governmental Authorities as the context requires;
 - (y) **“Guarantee”** means the guarantee entered into on the Execution Date by Radicle Holdings in favour of Canopy Rivers;
 - (z) **“Indemnified Person”** has the meaning set out in Section 7.1(a);
 - (aa) **“Indemnifier”** has the meaning set out in Section 7.1(a);
 - (bb) **“Investment Agreement”** means the agreement executed and delivered contemporaneous herewith by Radicle, Radicle Holdings, Canopy Rivers and Canopy Growth Corporation, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;
 - (cc) **“Lease”** means the lease agreement made as of November 1, 2016 between Radicle, as tenant, and Chokey Real Estate Limited, as landlord, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;
 - (dd) **“License”** means a license issued to Radicle pursuant to (i) the ACMPR to permit Radicle to begin selling cannabis products to a person to whom an exemption relating to the substance has been granted under section 56 of the *Controlled Drugs and Substances Act* in accordance with subsection 22(2) of the ACMPR; or (ii) other Applicable Law granting Radicle the same authority as clause (i), and/or if permitted under Applicable Law, non-medical uses;
 - (ee) **“Losses”** means damages, fines, penalties, deficiencies, losses, liabilities, including settlements and judgments, costs and expenses of any kind, character or description (including payments, refunds and delivery of additional goods and/or services, interest, reasonable fees and expenses of legal counsel, or other professionals);

- (ff) “**Notice of Dispute**” has the meaning set out in Section 9.3(c);
- (gg) “**Outside Date**” means August 4, 2019, unless extended by Canopy Rivers;
- (hh) “**Panel**” has the meaning set out in Section 9.5(a);
- (ii) “**Parties**” means Canopy Rivers and Radicle collectively, and “**Party**” means either of them as the context requires;
- (jj) “**Periodic Royalty Amount**” has the meaning set out in Section 2.1(b);
- (kk) “**Person**” means any individual, corporation or other body corporate, partnership, trustee, trust or unincorporated association, joint venture, syndicate, sole proprietorship, other form of business enterprise, executor, administrator or other legal representatives, regulatory body or agency or Governmental Authority, however designated or constituted;
- (ll) “**Phase 1 Operations**” means annual production capacity of up to 3,600 kilograms to be Produced at the facilities set out in the map attached in Schedule B hereto. If the Phase 1 Operations are moved from the location specified in Schedule B, the Phase 1 Operations will be deemed to include a new location with annual production capacity of up to 3,600 kilograms;
- (mm) “**Produced**” means grown, generated, produced or manufactured;
- (nn) “**Property**” means 90 Beach Road, Hamilton, Ontario, L8L 3Z9, as more particularly set out in Schedule A, including any and all expansions thereof. If the operations of Radicle are moved to a new location or expanded at the current location, such new or expanded location will be deemed to be the Property for purposes of this Agreement;
- (oo) “**Radicle Holdings**” means Radicle Cannabis Holdings Inc.;
- (pp) “**Redacted Information**” means all dollar-related pricing information contained in this Agreement;
- (qq) “**Redaction Requirement**” has the meaning set out in Section 8.1(a);
- (rr) “**Repayable Debenture**” means the repayable debenture issued by Radicle to Canopy Rivers on the Execution Date with a maximum drawdown amount of \$5.0 million, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;
- (ss) “**Representative**” means, with respect to any Party, the Party’s Affiliates and such Party’s and its Affiliates’ directors, officers, employees and advisors;
- (tt) “**Respondent**” has the meaning set out in Section 9.3(c);
- (uu) “**Royalty**” has the meaning set out in Section 2.1(a);
- (vv) “**Royalty Purchase Price**” means the sum of \$5.0 million;
- (ww) “**Security Interest**” means, collectively, any grants, mortgages, charges, pledges, transfers, assignments, and other security interests in favour of Canopy Rivers; and

(xx) “**Third Party Claim**” has the meaning set out in Section 7.2(a).

1.2 Rules of Construction

In this Agreement:

- (a) the terms “Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (b) references to an “Article”, “Section” or “Schedule” followed by a number or letter refer to the specified Article or Section of or Schedule to this Agreement;
- (c) the division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (d) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (e) unless otherwise indicated, any reference to a statute, regulation or rule shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced, and any reference to a statute shall include any regulations or rules made thereunder;
- (f) the words “include”, “includes” and “including” mean “include”, “includes” or “including”, in each case, “without limitation”;
- (g) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (h) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and
- (i) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

1.3 Currency

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

1.4 Schedules

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

Schedule A - Property Description

Schedule B - Phase 1 Operations Description

ARTICLE 2
SALE OF SPECIFIED PRODUCT

2.1 **Royalty**

(a) Subject to the terms of this Agreement, effective on the Commencement Date, in consideration of the payment of the Royalty Purchase Price by Canopy Rivers to Radicle, Radicle agrees to grant to Canopy Rivers, and Canopy Rivers agrees to acquire, a royalty (the “**Royalty**”) equal to \$0.375 per gram of Cannabis Produced from the Phase 1 Operations. The minimum aggregate annual Royalty payment per Contract Year shall equal to \$900,000 (the “**Annual Minimum Royalty**”).

(b) Commencing on the Commencement Date, the Royalty shall be payable on a periodic basis (the “**Periodic Royalty Amount**”) on the last Business Day of the month following each Contract Month.

(c) If the aggregate Periodic Royalty Amount(s) during the Contract Year is less than the Annual Minimum Royalty, then the balance of the Annual Minimum Royalty shall be due and payable on the last day of the applicable Contract Year.

(d) For greater certainty, Radicle’s obligations under this Section 2.1 shall continue irrespective of whether Radicle continues to Produce Cannabis at the Property.

(e) If Radicle does not obtain the License on or before the Outside Date, either Radicle or Canopy Rivers may elect to terminate this Agreement.

2.2 **Royalty Purchase Price**

On the Commencement Date, the Royalty Purchase Price shall be satisfied by the set-off of the principal amount owing to Canopy Rivers pursuant to the Repayable Debenture.

2.3 **Manner of Payment**

(a) At the time each Periodic Royalty Amount is paid, Radicle shall deliver to Canopy Rivers (i) written notice of the amount of the Royalty and the payment date; and (ii) a Royalty report stating the quantity of Cannabis Produced from the Phase 1 Operations during the preceding Contract Month, the estimated quantity of Cannabis Produced from the Phase 1 Operations during the current Contract Month and the forecasted quantity of Cannabis to be Produced from the Phase 1 Operations during the following Contract Month, which report shall be supported by information that is reasonably sufficient to allow Canopy Rivers to verify the Royalty payable by Radicle to Canopy Rivers.

(b) The Royalty shall be paid to Canopy Rivers by certified cheque, bank draft, or wire transfer (in the sole and absolute discretion of Canopy Rivers) by Radicle in accordance with this Section; provided however, that if Canopy Rivers requests payment by wire transfer, Canopy Rivers must provide Radicle with written notice containing wire instructions for payment, otherwise such payment will be made by certified cheque or bank draft.

(c) If amounts have been paid by Radicle to Canopy Rivers in excess of those to which Canopy Rivers is entitled under the terms of this Agreement, the equivalent amount shall be deducted

from the next Royalty payment or payments. If amounts have been paid by Radicle to Canopy Rivers that are less than the amounts to which Canopy Rivers is entitled under the terms of this Agreement, the equivalent amount shall be added to the next Royalty payment or payments, including applicable interest pursuant to this Agreement.

2.4 Maximum Annual Royalty Quantity

(a) Radicle shall only be required to make annual Royalty payments up to a maximum of \$1,350,000 per year (the “**Annual Maximum Royalty**”).

(b) If, during any Contract Year, the Annual Maximum Royalty is paid prior to the end of any Contract Year, Radicle may discontinue payments of the Periodic Royalty Amount for the remainder of the Contract Year. For greater certainty, if payments above the Annual Maximum Royalty are made, such amounts will be carried over to reduce the Annual Minimum Royalty the following Contract Year.

ARTICLE 3 TRANSFER RESTRICTIONS

3.1 Transfer Restrictions

During the term of this Agreement Radicle may transfer, in whole or in part: (i) the Lease; together with (ii) its rights and obligations under this Agreement; so long as the following conditions are satisfied:

- (i) Radicle provides Canopy Rivers with at least 30 days prior written notice of its intent to transfer;
- (ii) any purchaser, transferee or assignee, as a condition to completion of the transfer, agrees in writing in favour of Canopy Rivers to be bound by the terms of this Agreement; and
- (iii) Radicle and Radicle Holdings agree to guarantee the obligations of such purchaser, transferee or assignee under this Agreement in a form acceptable to Canopy Rivers, acting reasonably.

ARTICLE 4 INSURANCE

4.1 Insurance

(a) At its own expense, Radicle shall maintain and carry in full force and effect, insurance, subject to the requirements set out in Section 4.1(b), commercial general liability insurance, which policy will include contractual liability coverage insuring the activities of Radicle under this Agreement.

(b) Radicle shall ensure that all insurance policies required under Section 4.1(b):

- (i) are issued by insurance companies with a Best's Rating of no less than AVII;
- (ii) provide that such insurance carriers give Canopy Rivers at least 30 days prior notice of cancellation or non-renewal of policy coverage, provided that, before

such cancellation, Radicle has new insurance policies in place that meet the requirements of this Section 4.1;

- (iii) provide that such insurance be primary insurance and any similar insurance in the name of or for the benefit of Radicle, or both, shall be excess and non-contributory;
- (iv) name Canopy Rivers and Canopy Rivers' Affiliates, including, in each case, all successors and permitted assigns, as additional insureds; and
- (v) waive any right of subrogation of the insurers against Canopy Rivers or any of its Affiliates.

(c) Radicle shall provide Canopy Rivers with copies of the certificates of insurance and policy endorsements for all insurance coverage required by this Section 4.1, and shall not do anything to invalidate such insurance. This Section 4.1(c) shall not be construed in any manner as waiving, restricting or limiting the liability of a Party for any obligations imposed under this Agreement (including but not limited to, any provisions requiring a Party to indemnify, defend and hold any other Party harmless under this Agreement).

ARTICLE 5

PAYMENT AND BOOKS AND RECORDS

5.1 Interest on Overdue Payments

If any payment to be made hereunder is not made on or before the date such payment is due, the Party which is liable for such payment shall also pay interest on such late payment, from the date such payment was due through the date such payment is made at a rate of interest per annum equal to 19.99%. Any overdue amount or delivery may be set off against any other required delivery or payment under this Agreement.

5.2 Taxes

Radicle and Canopy Rivers shall not have any responsibility for any taxes imposed on the other Party by any Governmental Authority.

5.3 Books and Records

Radicle shall keep true, complete and accurate books and records of all of its operations and activities with respect to the Property, the Phase 1 Operations and the Cannabis Produced from the Property and the Phase 1 Operations. Canopy Rivers and/or its Representatives shall be entitled, upon delivery of three Business Days advance notice, at their own sole cost and expense, during the normal business hours of Radicle, in a manner that does not unreasonably interfere with Radicle's business, to perform audits or other reviews and examinations of Radicle's books and records relevant to the performance of Radicle's obligations under this Agreement to confirm compliance with the terms of this Agreement. Canopy Rivers shall diligently complete any audit or other examination permitted hereunder. All expenses of any audit or other examination permitted hereunder shall be paid by Canopy Rivers, unless the results of such audit or other examination permitted hereunder disclose a deficiency in respect of any declarations made hereunder by Radicle in respect of the period being audited or examined in an amount greater than two percent of the amount of the item in question so declared by Radicle with respect to such period, in which event all expenses of such audit or other examination shall be paid by Radicle.

5.4 Annual Report

(a) Radicle shall deliver to Canopy Rivers an Annual Report on or before 60 days after the last day of each fiscal year of Radicle. If Canopy Rivers disputes any information in an Annual Report:

- (i) Canopy Rivers shall notify Radicle in writing within 90 days from the date of delivery of the applicable Annual Report that it disputes the accuracy of that Annual Report (or any part thereof) (the “**Audit Dispute Notice**”);
- (ii) Canopy Rivers on the one hand and Radicle on the other hand shall have 90 days from the date the Audit Dispute Notice is delivered by Canopy Rivers to resolve the dispute. If Canopy Rivers and Radicle have not resolved the dispute within the said 90-day period, a mutually agreed independent third-party expert will be appointed to prepare a report with respect to the dispute in question (the “**Expert’s Report**”). If Canopy Rivers and Radicle have not agreed upon such expert within a further 10 days after the said 90-day period, then the dispute as to the expert shall be resolved by the dispute resolution procedures set out in Article 9;
- (iii) if the Expert’s Report concludes that any item set out on the Annual Report was deficient such that Radicle was required to make additional payments in connection with the Royalty during a Contract Year, there shall be a rectification of accounts;
- (iv) if the Expert’s Report concludes that any item set out on the Annual Report was not deficient, then the cost of the Expert’s Report shall be borne by Canopy Rivers;
- (v) if the Expert’s Report concludes that any item set out on the Annual Report was deficient, then the cost of the Expert’s Report shall be borne by Radicle; and
- (vi) if Canopy Rivers or Radicle disputes the Expert’s Report and such dispute is not resolved between the Parties within ten days after the date of delivery of the Expert’s Report, then such dispute shall be resolved by the dispute resolution procedures set out in Article 9.

(b) If Radicle does not deliver an Annual Report as required pursuant to this Section 5.4, Canopy Rivers shall have the right to perform or to cause its Representatives to perform, at the cost and expense of Radicle, an audit of the books and records of Radicle relevant to the Annual Report. Radicle shall grant Canopy Rivers and its Representatives access to all such books and records on a timely basis during normal business hours. In order to exercise this right, Canopy Rivers must provide not less than three Business Days’ written notice to Radicle of its intention to conduct the said audit. If within seven days of receipt of such notice, Radicle delivers the applicable Annual Report, then Canopy Rivers shall have no right to perform the said audit. If Radicle delivers the Annual Report before the delivery of the report prepared in connection with the said audit, the applicable Annual Report shall be taken as final and conclusive, subject to the rights of Canopy Rivers as set out in this Section 5.4. Otherwise, absent any manifest or gross error in the Annual Report, Canopy Rivers’ report shall be final and conclusive, subject to the provisions of this Section.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES; COVENANTS

6.1 Representations and Warranties

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

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

6.2 Covenants

Radicle hereby covenants to Canopy Rivers, and acknowledges that Canopy Rivers is relying on such covenants in connection with entering into this Agreement, that:

- (i) Radicle shall remain a corporation validly subsisting under the laws of the Province of Ontario, licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the nature of Radicle's business make such licensing, registration or qualification necessary;
- (ii) Radicle shall remain a wholly-owned subsidiary of Radicle Holdings;
- (iii) Radicle shall carry on its business, perform all operations and activities in connection with its business in a commercially reasonable manner and in compliance in all material respects with all Applicable Laws, in accordance with all material terms of any permits, certificates, licences, approvals, consents and other authorizations required to be obtained from Governmental Authorities and

in a manner not materially inconsistent with accepted practice for comparable businesses in Canada;

- (iv) Radicle shall maintain all books and records used to calculate the Royalty due hereunder according to either international financial reporting standards or generally accepted accounting standards, as applicable, consistently applied;
- (v) Radicle shall maintain and shall continue to maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (A) transactions are executed in accordance with management's general or specific authorization; and (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets;
- (vi) following the Commencement Date, Radicle shall maintain the right to use the License, or a suitable replacement license, as may be determined by Canopy Rivers in its sole and absolute discretion, acting reasonably;
- (vii) Radicle shall maintain all permits, certificates, licences, approvals, consents and other authorizations required to be obtained from the appropriate Governmental Authorities necessary to conduct their respective businesses;
- (viii) Radicle shall maintain the Property, including the Lease, in good standing (by among other things performing all assessment work and paying all lease payments, taxes and fees payable under Applicable Law, the Lease or otherwise on the Property), duly maintain books and records in respect of the Property in accordance with industry standards, and shall continue to operate its assets in respect of the Property in accordance with best practices;
- (ix) Radicle shall use all commercially reasonable efforts to ensure the owner of the Property shall maintain the Property in good standing (by among other things performing all assessment work and paying all taxes and fees payable under Applicable Law or otherwise on the Property);
- (x) Radicle shall maintain its registration of its interest in the Lease on title to the Property;
- (xi) Radicle shall maintain a corporate bank account acceptable to Canopy Rivers, acting reasonably;
- (xii) Radicle shall make Royalty Payments in accordance with the provisions of Article 2;
- (xiii) Radicle shall and shall cause each of its subsidiaries to provide and maintain in favour of Canopy Rivers a general security agreement granting a Security Interest over all present and future property, assets and undertaking (including without limitation intellectual property) of Radicle and its subsidiaries to be held by Canopy Rivers (or its successors and permitted assigns) as continuing security for the payment and performance of all obligations of Radicle to Canopy Rivers hereunder;

- (xiv) Radicle shall cause all registrations necessary or desirable in connection with the Security Interest to be made and, at all times, maintained, and the priority of the liens constituted or created in connection with the Security Interest shall be satisfactory to Canopy Rivers, in its sole and absolute discretion; and
- (xv) Radicle shall not, and shall ensure that each of its subsidiaries shall not permit the Security Interest to cease constituting a valid first priority lien in favour of Canopy Rivers.

ARTICLE 7

INDEMNIFICATION; GUARANTEE

7.1 Indemnification

(a) Each Party (the “**Indemnifier**”) indemnifies and agrees to save harmless the other Party (the “**Indemnified Person**”) and each of their Affiliates and each of their directors, officers and employees, from and against any and all Losses suffered or incurred by the Indemnified Person or (if applicable) any of their Affiliates, and its and their directors, officers and employees as a result of, on account of or by reason of any and all actions, causes of action, proceedings, claims or demands relating to, arising from or in connection with:

- (i) a breach or alleged breach of this Agreement;
- (ii) the negligence, wilful misconduct, fraud or dishonesty of the Indemnifier or any of its Representatives in connection with the performance of their respective obligations under this Agreement; or
- (iii) any failure by the Indemnifier or its Representatives to comply with any Applicable Laws.

7.2 Indemnification Procedures

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

(b) With respect to any Third Party Claim, the Indemnifier shall have the right to control the defence of the matter for which indemnification is sought under this Agreement, provided that the Indemnifier must conduct the defence actively and diligently thereafter in order to preserve its rights in this regard; and provided further, however, that the Indemnifier may not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Person (which consent shall not be unreasonably withheld or delayed) unless

the judgment or proposed settlement involves only the payment of money damages, resolves the Third Party Claim entirely, does not impose an injunction or other equitable relief upon the Indemnified Person, and does not result in any admission by the Indemnified Person of any liability for which the Indemnified Person is not fully indemnified for hereunder. The Indemnified Person shall have the right to have its own counsel participate in the defence, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Person unless the Indemnifier consents to the retention of such counsel by it or unless the representation of both the Indemnifier and the Indemnified Person by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifier fails to defend the Third Party Claim within a reasonable time, the Indemnified Person shall be entitled to assume that conduct, and the Indemnifier shall be bound by the results obtained by the Indemnified Person with respect to that Third Party Claim.

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

(d) The Indemnifier waives any right it may have to require an Indemnified Person to proceed against or enforce any other right, power, remedy or security or to claim payment from any other Person before claiming under the indemnity provided for in this Article 7. It is not necessary for an Indemnified Person to incur expense or make payment before enforcing that indemnity. Nothing herein limits or restricts the obligation of a Party to account for any net tax benefit or any recovery, settlement or otherwise or under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Persons.

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

7.3 Guarantee

All obligations of Radicle under this Agreement will be subject to the Guarantee.

ARTICLE 8 **CONFIDENTIALITY; PUBLIC ANNOUNCEMENTS**

8.1 Confidentiality

(a) All Confidential Information shall be treated as confidential by the Parties and shall not be disclosed to any other Person other than in circumstances where a Party has an obligation to disclose such information in accordance with Applicable Law, in which case, such disclosure shall only be made after consultation with the other Party (if reasonably practicable and permitted by Applicable Law) provided that any public disclosure of such information shall always omit or redact the Redacted Information (the "**Redaction Requirement**") and, in the case of a public announcement required by Applicable Law, shall only be made in accordance with Section 8.2.

(b) In the event that Applicable Law requires a Party to disclose Redacted Information, such disclosure shall only be made after consultation with the other Party and the Parties shall mutually agree on the applicable disclosure of the Redacted Information, each acting reasonably.

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

(i) each of the Parties may disclose Confidential Information, subject to the Redaction Requirement, to:

(A) a person providing financing or funding to such Party in respect of its obligations hereunder;

(B) any prospective purchaser of the Royalty or the shares of Radicle held by Canopy Rivers, together with such prospective purchaser's financiers, consultants and advisors (financial and legal),

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

(ii) each of the Parties may disclose Confidential Information to their respective directors, officers and employees (and the directors, officers and employees of their respective Affiliates) and the directors, officers, partners or employees of any financial, accounting, legal and professional advisors of such Party and its Affiliates, as well as any contractors and subcontractors of such Party, provided that each of such individuals to whom Confidential Information is disclosed is advised of the confidentiality of such information and is directed to abide by the terms and conditions of this Section 8.1.

8.2 Public Announcements

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

8.3 Duration of Confidentiality

The provisions of this Article 8 shall apply indefinitely.

**ARTICLE 9
GOVERNING LAW; DISPUTES****9.1 Governing Law**

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

(b) Each of the Parties hereby irrevocably attorns and submits to the arbitral jurisdiction set out in Section 9.5 and, with respect to any matters not determined by arbitration, to the non-exclusive jurisdiction of the courts of Ontario, Canada respecting all matters relating to this Agreement and the rights and obligations of the Parties hereunder. Each of the Parties hereby agrees that service of any arbitral or legal proceedings relating to this Agreement may be made by physical delivery thereof to its address provided in, or in accordance with, Section 11.1, as applicable.

9.2 Disputes

(a) All Disputes will be resolved in accordance with the procedures set out in this Article 9 (the “**Dispute Resolution Procedures**”).

(b) For the purposes of this Article 9, the word “**Documents**” includes a sound recording, videotape, film, photograph, chart, graph, map, plan, survey, book of account, and data and information in electronic form.

(c) This Article 9 shall survive the expiry or earlier termination of this Agreement.

(d) Except as otherwise provided in Section 9.5(k) or otherwise expressly provided in this Agreement, each Party will be responsible at its own sole cost and expense for its own costs in connection with the disclosure of Documents, or the resolution of Disputes, including all fees, disbursements and other charges of all accountants, lawyers and other professionals, experts, whether testifying or not, and witnesses and all costs for preparation for, travel to and attendance at negotiation meetings, mediation conferences or arbitration proceedings commenced, conducted or required in accordance with these Dispute Resolution Procedures regardless of the outcome.

9.3 Amicable Resolution of Disputes

(a) The Parties will make all reasonable efforts at all times to resolve all Disputes by good faith, amicable negotiations before resorting to resolution by mediation or arbitration pursuant to Section 9.4 and Section 9.5. The dispute resolution by a mediator or an arbitrator contemplated in Section 9.4 and Section 9.5 is not intended to substitute for the Parties’ mutual ongoing commitment to resolve Disputes in good faith as between themselves.

(b) The Parties agree to provide on an ongoing “without prejudice” basis (subject to any claim for privilege asserted by a Party, including any ruling as to privilege or relevance made by any arbitrator during an arbitration conducted under this Article 9), frank, candid, and timely disclosure of all relevant facts, information and Documents to facilitate negotiations with respect to the resolution of a Dispute.

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

(d) The Notice of Dispute shall include:

- (i) a demand that the Dispute be referred to dispute resolution pursuant to this Article 9;
- (ii) a general description of the Dispute; and
- (iii) the relief or remedy sought.

9.4 Resolution by Mediation

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

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

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

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

9.5 Arbitration

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

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

- (i) if the Parties agree on an Expert, the Parties shall jointly appoint the Expert as soon as possible and, in any event, within five Business Days after delivery of the notice requiring that the Dispute be resolved by an Expert (the “**Expert Appointment Deadline**”); and
- (ii) if the Parties fail to agree or fail to jointly appoint the Expert by the Expert Appointment Deadline, each Party shall appoint one Expert no later than five Business Days after the Expert Appointment Deadline. If a Party fails to appoint an Expert within five Business Days after the Expert Appointment Deadline, the Expert appointed by the other Party shall be deemed to have been jointly appointed by both Parties and such Expert shall resolve the Dispute. If an Expert has been appointed by each Party, such Experts shall, within five Business Days after their appointment, jointly appoint a third Expert. If the two Experts fail to

appoint a third Expert within the required time, either of the Parties may apply to the Ontario Superior Court of Justice for appointment of the third Expert, in which case the court shall appoint the third Expert at the earliest opportunity.

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

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

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

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

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

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

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

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

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

(k) The Expert or Panel may decide which Party will bear the costs of the Dispute Resolution Procedures including the fees and disbursements of the Expert or Panel, any other costs of the Dispute Resolution Procedures and the costs and expenses of the nature contemplated in Section 9.2 incurred by the successful Party in connection with the Dispute Resolution Procedures. The Expert or Panel may apportion such costs between the Parties if the Expert or Panel considers it just and reasonable to do so in the circumstances.

9.6 Restrictions

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

ARTICLE 10 **TERMINATION**

10.1 Term

This Agreement shall automatically terminate on the twentieth anniversary of the Commencement Date.

10.2 Canopy Rivers Right to Terminate

Canopy Rivers may terminate this Agreement upon 10 Business Days prior written notice to the Parties, if:

- (i) Radicle does not obtain the License on or before the Outside Date;
- (ii) Radicle or Radicle Holdings is in breach or default of any other representation, warranty, covenant or obligations in any material respect under this Agreement or the Transaction Documents (as defined in the Investment Agreement) and fails to cure such breach or default within 30 days after written notice from Canopy Rivers; or
- (iii) Radicle or Radicle Holdings is subject to a Bankruptcy Proceeding.

10.3 Radicle Right to Terminate

Radicle may terminate this Agreement upon 10 Business Days prior written notice to the Parties, if:

- (i) Canopy Rivers is in breach or default of any other representation, warranty, covenant or obligations in any material respect under this Agreement or the Transaction Documents (as defined in the Investment Agreement) and fails to cure such breach or default within 30 days after written notice from Radicle; or
- (ii) Canopy Rivers is subject to a Bankruptcy Proceeding.

10.4 Effect of Termination

(a) If this Agreement is terminated under either Section 10.2 or 10.3 then all rights and obligations under this Agreement (other than Sections 5.1, and 9.1 and Article 7 and Article 8 and any rights and obligations that have accrued before the date of termination) shall terminate on that date, provided that:

- (i) if this Agreement is terminated by Canopy Rivers in accordance with Section 10.2, Canopy Rivers shall be entitled to all losses suffered or incurred as a result of or in connection with such termination and the event giving rise to termination, including the reasonably expected Royalty payments that would have been delivered by Radicle to Canopy Rivers hereunder, but for the occurrence of the event or circumstances giving rise to the termination.

(b) Any and all losses payable in accordance with Section 10.4(a)(i) shall be based on an assumption that the operations are owned and operated by a Person that has the financial, operational and technical capability of a prudent owner and operator, and based on such other reasonable assumptions and forecasts as may be necessary to make such calculation.

ARTICLE 11 GENERAL PROVISIONS

11.1 Notices

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

- (i) if to Canopy Rivers, at:

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

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

with a copy to:

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

Attention: John Vettese
 Email: jvettese@casselsbrock.com

(ii) if to Radicle, at:

Radicle Medical Marijuana Inc.
 90 Beach Road
 Hamilton, Ontario
 L8P 2J7

Attention: Rami Reda, President
 Email: info@radiclecannabis.ca

with a copy to:

Fogler, Rubinoff LLP
 77 King Street West
 Suite 3000, P.O. Box 95
 Toronto, ON M5K 1G8

Attention: Rick Moscone
 Email: rmoscone@foglers.com

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

11.2 Assignment, Successors, etc.

(a) This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. This Agreement may be assigned by Canopy Rivers without Radicle's consent. Subject to Article 3, Radicle may not assign this Agreement without the prior written consent of Canopy Rivers, which consent may be withheld in Canopy Rivers' sole and absolute discretion.

(b) In the event that any Party proposes to enter into any acquisition, amalgamation, arrangement, merger or combination or any transaction pursuant to which another Person or a successor to such Party becomes bound by the provisions of this Agreement by agreement or by operation of law, the Person resulting from such acquisition, amalgamation, arrangement, merger, combination or transaction shall enter into an agreement in form and substance satisfactory to the other Party pursuant to which such Person agrees to be bound by this Agreement as though it were a Party hereto in the place of the Party entering into the acquisition, amalgamation, arrangement, merger, combination or transaction.

11.3 Entire Agreement

This Agreement, including all Schedules annexed hereto which form an integral part hereof and any amendment to it constitute the entire agreement between the Parties and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or

other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement.

11.4 Further Assurances

Each of the Parties to this Agreement shall from time to time and at all times do all such further acts and execute and deliver all further agreements and documents as shall be reasonably required in order fully to perform and carry out the terms of this Agreement.

11.5 Amendment and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on a Party unless consented to in writing by such Party. No failure or delay to exercise, or other relaxation or indulgence granted in relation to, any power, right or remedy under this Agreement shall operate as a waiver of it or impair or prejudice it nor shall any single or partial exercise or waiver of any power, right or remedy preclude its further exercise or the exercise of any other power, right or remedy. The failure of any Party to insist upon strict adherence to any provision of this Agreement on any occasion shall not be considered a waiver or deprive that Party of the right thereafter to insist upon strict adherence to such provision or any other provision of this Agreement. No purported waiver shall be effective as against any Party unless consented to in writing by such Party. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent or other breach.

11.6 Severability

Every provision of this Agreement is intended to be several, and accordingly, if any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party hereto. To the extent that any provision is found to be invalid, illegal or unenforceable, the Parties shall act in good faith to substitute for such provision, to the extent possible, a new provision with content and purpose as close as possible to the provision so determined to be invalid, illegal or unenforceable.

11.7 Time of Essence

Time shall be of the essence of this Agreement.

11.8 Remedies; Specific Performance

Except as otherwise provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. The Parties hereby agree that irreparable damage would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and hereby agree that in the event of any breach or threatened breach by any Party of any of its covenants or obligations set out in this Agreement, the other Party shall be entitled to injunctive relief to prevent or restrain breaches or threatened breaches of this Agreement by the other, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement. Each of the Parties hereby agrees not to raise any objections to the

availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by it, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other Party under this Agreement.

11.9 Contra Proferentem Rule

Unless otherwise expressly defined in this Agreement, the words used in this Agreement bear their natural meaning. The Parties have had equal opportunity to take legal advice and the *contra proferentem* rule does not apply to the interpretation of this Agreement. Save as otherwise provided in is this Agreement, each Party shall be responsible for and shall bear all its own fees and expenses with respect to the preparation and negotiation of this Agreement.

11.10 No Partnership

Nothing herein shall be construed to create, expressly or by implication, a joint venture, commercial partnership or other partnership relationship between the Parties.


11.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or electronic form, and the Parties adopt any signatures received by means of electronic communication as original signatures of the Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the Execution Date.

CANOPY RIVERS CORPORATION

By: 
Name: Phil Shaer
Title: General Counsel

RADICLE MEDICAL MARIJUANA INC.

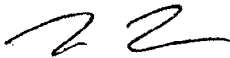
By: _____
Name:
Title:

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the Execution Date.

CANOPY RIVERS CORPORATION

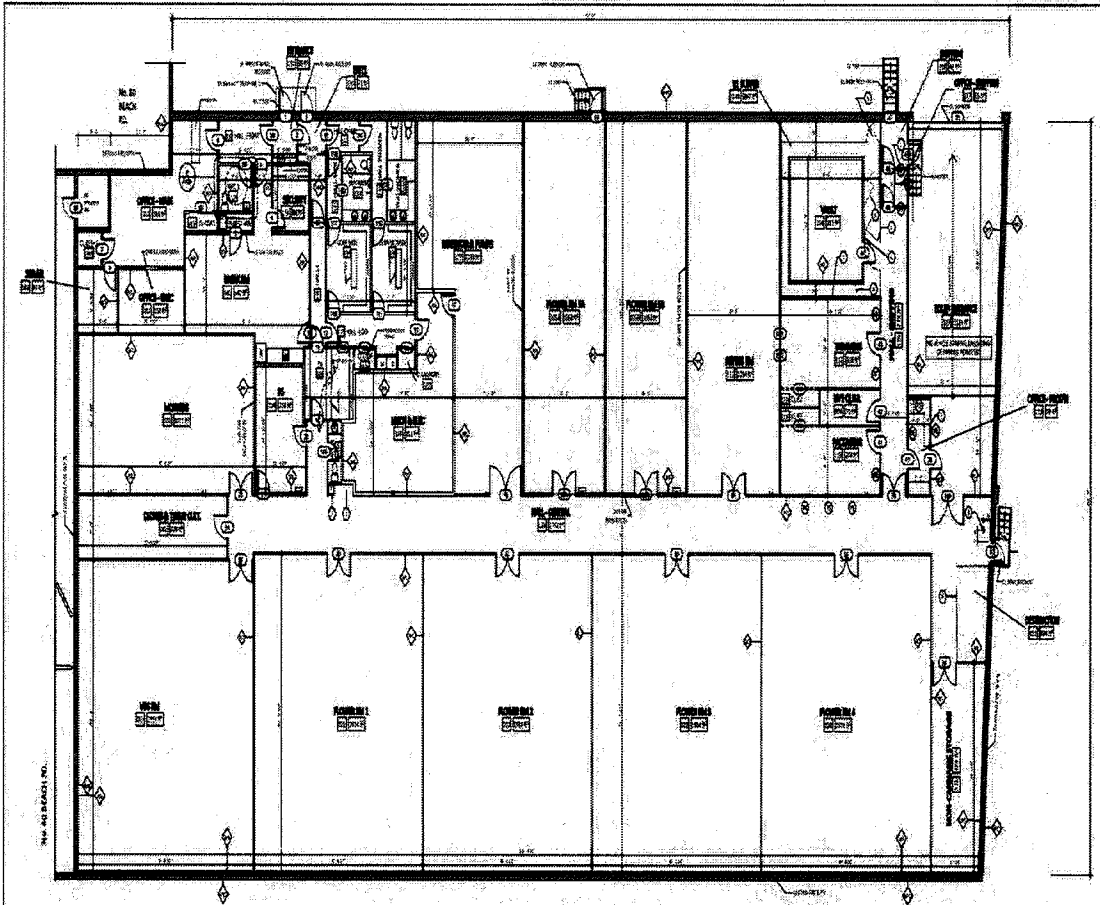
By: _____
Name:
Title:

RADICLE MEDICAL MARIJUANA INC.

By:  _____
Name: Ravi Reda
Title: president

SCHEDULE A
PROPERTY DESCRIPTION

PIN	17218 - 0404 LT
Description	PT LT 7, CON 1 BARTON, PT 4 ON 62R18691; TOGETHER WITH AN EASEMENT OVER PT LT 7, CON 1 BARTON, PT 2 ON 62R18691 AS IN WE752315; CITY OF HAMILTON
Address	90 BEACH ROAD HAMILTON



NO.	SYMBOL	DESCRIPTION	NO.	SYMBOL	DESCRIPTION
1	(Symbol)	WALL VENE COIN	1	(Symbol)	WALL VENE COIN
2	(Symbol)	WALL VENE COIN	2	(Symbol)	WALL VENE COIN
3	(Symbol)	WALL VENE COIN	3	(Symbol)	WALL VENE COIN
4	(Symbol)	WALL VENE COIN	4	(Symbol)	WALL VENE COIN
5	(Symbol)	WALL VENE COIN	5	(Symbol)	WALL VENE COIN
6	(Symbol)	WALL VENE COIN	6	(Symbol)	WALL VENE COIN
7	(Symbol)	WALL VENE COIN	7	(Symbol)	WALL VENE COIN
8	(Symbol)	WALL VENE COIN	8	(Symbol)	WALL VENE COIN
9	(Symbol)	WALL VENE COIN	9	(Symbol)	WALL VENE COIN
10	(Symbol)	WALL VENE COIN	10	(Symbol)	WALL VENE COIN



NOTES

1. ALL WORK TO BE ACCORDANCE WITH THE DRAWINGS AND SPECIFICATIONS.
2. ALL MATERIALS TO BE APPROVED BY THE ARCHITECT PRIOR TO INSTALLATION.
3. ALL WORK TO BE COMPLETED WITHIN THE SPECIFIED TIME FRAME.
4. ALL WORK TO BE DONE IN ACCORDANCE WITH THE LOCAL BUILDING CODES.
5. ALL WORK TO BE DONE IN ACCORDANCE WITH THE NATIONAL BUILDING CODES.
6. ALL WORK TO BE DONE IN ACCORDANCE WITH THE INTERNATIONAL BUILDING CODES.
7. ALL WORK TO BE DONE IN ACCORDANCE WITH THE CANADIAN BUILDING CODES.
8. ALL WORK TO BE DONE IN ACCORDANCE WITH THE AMERICAN BUILDING CODES.
9. ALL WORK TO BE DONE IN ACCORDANCE WITH THE EUROPEAN BUILDING CODES.
10. ALL WORK TO BE DONE IN ACCORDANCE WITH THE AUSTRALIAN BUILDING CODES.

BUILT ENVIRONMENT
design + consulting

225 St. George St. N. Toronto, ON M5R 2K4
416-593-8888

NO.	DESCRIPTION	DATE
1	PROPOSED	2014.12.15
2	REVISED	2015.01.15
3	REVISED	2015.02.15
4	REVISED	2015.03.15
5	REVISED	2015.04.15
6	REVISED	2015.05.15
7	REVISED	2015.06.15
8	REVISED	2015.07.15
9	REVISED	2015.08.15
10	REVISED	2015.09.15

PHASE 2 - FLOOR PLAN - PROPOSED

PROJECT NO. 15104
DATE 2015.09.15

BUILT ENVIRONMENT
design + consulting

30 BEACH RD.
HAMILTON, ON, L8P 2J7

A104

This is Exhibit “K” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

AMENDED AND RESTATED GUARANTEE AGREEMENT

THIS AGREEMENT is made this 2nd day of January, 2020 by Radicle Cannabis Holdings Inc. (the "**Guarantor**") in favour of Canopy Rivers Corporation (the "**Creditor**").

WHEREAS Radicle Medical Marijuana Inc. (the "**Debtor**") and the Creditor are parties to a royalty agreement dated as of August 4, 2017 (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Royalty Agreement**");

AND WHEREAS the Guarantor entered into a guarantee agreement dated as of August 4, 2017 in favour of the Creditor (the "**Original Guarantee**");

AND WHEREAS the Guarantor and Creditor have agreed to make certain amendments to the Original Guarantee subject to the terms and conditions set out in this Agreement;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees with the Creditor as follows:

Interpretation

1. In this agreement (as it may be amended, restated, supplemented or otherwise modified from time to time, this "**Agreement**"), unless otherwise defined herein, terms used as defined terms shall have the meanings ascribed thereto in the convertible debenture dated as of the date hereof between the Guarantor and the Creditor (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Convertible Debenture**"), provided that, in the event that the Convertible Debenture is terminated, surrendered, repaid or otherwise no longer in effect, all capitalized terms used herein as defined in the Convertible Debenture shall have the meanings assigned thereto in the Convertible Debenture as it existed immediately before its termination, surrender or repayment. This Agreement shall be read as if all changes in grammar, number and gender rendered necessary by the context had been made.

Guarantee

2. The Guarantor hereby guarantees payment to the Creditor and its successors and assigns, promptly upon demand by the Creditor, following the occurrence of a default or an event of default under the Royalty Agreement (a "**Default**") which is continuing, of all present and future, direct and indirect, contingent and absolute obligations and liabilities of the Debtor to the Creditor, including all such obligations arising pursuant to or in connection with the Royalty Agreement and the Security Documents, and all other obligations of the Debtor to the Creditor which the Guarantor may from time to time acknowledge in writing are guaranteed hereby (collectively, the "**Obligations**"). This guarantee shall be a continuing guarantee and shall secure the Obligations and any ultimate balance thereof, notwithstanding that the Debtor may from time to time satisfy the Obligations in whole or in part and thereafter incur further Obligations. The Creditor may make successive demands for payment under this Agreement.

Interest

3. The Guarantor shall pay to the Creditor interest on all amounts owing by the Guarantor pursuant to this Agreement accruing from the date the Creditor demands payment pursuant to this Agreement at the highest rate applicable from time to time to any of the Obligations. Such interest shall be calculated and payable monthly not in advance both before and after judgment on the first day of each month after such demand.

Debtor's Status and Authority

4. All monies, advances, renewals or credits in fact borrowed or obtained from the Creditor by the Debtor or by Persons purporting to act on behalf of the Debtor shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of status or power, incapacity or disability of the Debtor or any of its directors, officers, employees or agents, or that the Debtor may not be a legal entity or that such borrowing or obtaining of monies, advances, renewals or credits or the execution and delivery of any agreement or document by or on behalf of the Debtor is in excess of the powers of the Debtor or any of its directors, officers, employees or agents or is in any way irregular, defective, fraudulent or informal. The Creditor has no obligation to inquire into the powers of the Debtor or any of its directors, officers, employees or agents acting or purporting to act on its behalf.

Liability Unaffected by Certain Matters

5. Except as set forth above, the liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by:
 - (a) the lack of validity or enforceability of the Obligations in whole or in part for any reason whatsoever, including without limitation by reason of prescription, by operation of law or as a result of any applicable statute, law or regulation;
 - (b) any prohibition or restriction imposed in respect of the rights and remedies of the Creditor in respect of the Obligations, specifically including without limitation any court order which purports to prohibit or suspend the acceleration of the time for payment of any of the Obligations, the payment by the Debtor of any of the Obligations or the rights and remedies of the Creditor against the Debtor in respect of the Obligations;
 - (c) the lack of validity or enforceability in whole or in part of: (i) the Royalty Agreement, the Security Documents, this Agreement or any other agreement made from time to time between the Debtor and the Creditor in connection with the Obligations; (ii) any security given by the Debtor in favour of the Creditor from time to time in connection with the Obligations; (iii) any guarantee given by any person in favour of the Creditor from time to time in connection with or relating to the Obligations; or (iv) any security given by any such guarantor in favour of the Creditor from time to time in connection with the Obligations (collectively, the "**Credit Documents**", and individually, a "**Credit Document**");

- (d) any change in the existence, structure, ownership or control of the Debtor or any of its subsidiaries (including any of the foregoing arising from any merger, consolidation, amalgamation, reorganization or similar transaction); any change in the name, objects, capital stock, constituting documents or by-laws of the Debtor or any of its subsidiaries; or the dissolution, winding-up, liquidation or other distribution of the assets of the Debtor or any of its subsidiaries, whether voluntary or otherwise;
- (e) the Debtor or any of its subsidiaries becoming insolvent or bankrupt or subject to any proceeding under the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the arrangement provisions of applicable corporate legislation, any legislation similar to the foregoing in any other jurisdiction, or any legislation enacted substantially in replacement of the foregoing, or the Creditor voting in favour of any proposal, arrangement or compromise in connection with any of the foregoing;
- (f) the loss of or failure by the Creditor to obtain, register, perfect or maintain any security given by the Debtor or by other Persons in respect of the Obligations, whether intentionally or through failure or neglect or otherwise;
- (g) the failure or neglect of the Creditor to demand payment of the Obligations from the Debtor, any guarantor of the Obligations or any other Person; or the failure or neglect of the Creditor to enforce any security held in respect of the Debtor or in respect of any guarantor of the Obligations;
- (h) the valuation by the Creditor of any security held in respect of the Obligations, which shall not be considered as a purchase of such security or as payment on account of the Obligations;
- (i) any right or alleged right of set-off, counterclaim, appropriation or application or any claim or demand that the Debtor or the Guarantor may have or may allege to have against the Creditor; or
- (j) any other circumstances which might otherwise constitute a legal or equitable defence available to, or complete or partial discharge of, the Debtor in respect of the Obligations or of the Guarantor in respect of this Agreement.

Liability Unaffected by Actions of the Creditor

6. The liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by anything done, suffered or permitted by the Creditor in connection with the Debtor, the Obligations or any security held by or granted to the Creditor to secure payment or performance of the Obligations (other than the full and final payment and performance of the Obligations). For greater certainty and without limiting the generality of the foregoing, without releasing, discharging, limiting or otherwise affecting in whole or in part the liability of the

Guarantor under this Agreement, and without notice to or the consent of the Guarantor, the Creditor may from time to time:

- (a) extend, renew, settle, compromise, waive, release or terminate the Obligations in whole or in part from time to time;
- (b) amend, renew, waive, release or terminate any Credit Document or any terms and conditions contained therein in whole or in part from time to time (specifically including, without limitation, any terms and conditions relating to interest rates, fees and principal payments);
- (c) make advances and extend credit to the Debtor and receive repayments in respect of the Obligations, and increase or decrease the amount of credit available to the Debtor from time to time;
- (d) grant time, renewals, extensions, indulgences, releases and discharges to the Debtor;
- (e) take, refrain from taking or release guarantees from other Persons in respect of the Obligations;
- (f) take, refrain from taking, refrain from registering or perfecting or release any security from the Debtor, any guarantor of the Obligations or any other Person, and release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of any such security;
- (g) accept compromises or arrangements from the Debtor, any guarantor of the Obligations or any other Person;
- (h) refrain from demanding payment from or exercising any rights or remedies in respect of the Debtor, any guarantor of the Obligations or any security held in respect of the Obligations; and for greater certainty the Creditor shall not be bound to exhaust its recourse against the Debtor, guarantors of the Debtor or other Persons or enforce any security held in respect of the Obligations or take any other action or legal proceeding before being entitled to payment from the Guarantor under this Agreement, and the Guarantor hereby waives all benefits of discussion and division;
- (i) apply all monies received from the Debtor, any guarantor of the Debtor or any other Person or from the proceeds of any security upon such part of the Obligations as the Creditor may see fit, or change any such application in whole or in part from time to time, notwithstanding any direction which may be given regarding application of such monies by the Debtor, any guarantor of the Debtor or any other Person; and
- (j) otherwise deal with the Debtor, any guarantor of the Obligations or any other Person and any security held by the Creditor in respect of the Obligations, as the Creditor may see fit in its absolute discretion.

Without limiting the generality of the foregoing, the Guarantor shall not be discharged nor shall the liability of the Guarantor be affected by any act, thing, omission or means whatsoever which would not have resulted in the discharge or release of the liability of the Guarantor under this Agreement if the Guarantor had been liable for payment of the Obligations as principal debtor.

Accounts Settled

7. The records of the Creditor as to the unpaid balance of the Obligations due to it at any time shall constitute *prima facie* evidence that the said amount is so due, in the absence of manifest error.

Waivers

8. No delay on the part of the Creditor in exercising any of its options, powers, rights or remedies, or any partial or single exercise thereof, shall constitute a waiver thereof. No waiver or modification or amendment of this Agreement or any of the said options, powers, rights or remedies shall be binding upon the Creditor unless made in writing and signed by an authorized officer of the Creditor, and any such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of the Creditor or the liability of the Guarantor hereunder in any other respect or at any other time.

Foreign Currency Obligations

9. The liability of the Guarantor in respect of the Obligations shall be to pay all such amounts in the currency in which the Debtor must pay each component of the Obligations (the "**Required Currency**"). If the Guarantor makes payment in respect of any portion of the Obligations in any other currency (the "**Payment Currency**"), such payment shall constitute satisfaction of the said liability of the Guarantor only to the extent that the Creditor is able to purchase such portion of the Obligations in the Required Currency using the amount of the Payment Currency received from the Guarantor on the date of receipt, in accordance with the Creditor's normal practice, and the Guarantor shall remain liable to the Creditor for any deficiency.

Withholding Taxes

10. Except as otherwise required by law, each payment by the Guarantor hereunder shall be made without withholding for or on account of any present or future taxes imposed by or within the jurisdiction in which the Guarantor is domiciled, any jurisdiction from which the Guarantor makes any payment or any other jurisdiction, or (in each case) any political subdivision or taxing authority thereof or therein (other than taxes in respect of the gross or net income, capital gains, assets or capital of the Creditor). If any such withholding is required by law, the Guarantor shall make the withholding, pay the amount withheld to the appropriate Governmental Authority before penalties attach thereto or interest accrues thereon and promptly pay to the Creditor such additional amount as may be necessary to ensure that the net amount actually received by the Creditor (after payment of such taxes including any taxes on such additional amount paid) is equal to the amount which the Creditor would have received if no amounts had been withheld.

Representations and Warranties

11. The Guarantor represents and warrants to the Creditor as follows, and acknowledges that the Creditor is relying upon the said representations and warranties as a basis for extending and maintaining the extension of credit to the Debtor: (i) the Guarantor has the authority and capacity to enter into and perform its obligations hereunder; (ii) the execution and delivery of this Agreement and the performance by the Guarantor of its obligations hereunder have been duly authorized by all necessary proceedings; (iii) neither the execution and delivery of this Agreement, nor compliance with the terms, provisions and conditions hereof will conflict with, result in a breach of, or constitute a default under its constating documents; and (iv) neither the execution and delivery of this Agreement, nor compliance with the terms, provisions and conditions of this Agreement will conflict with, result in a breach of, or constitute a default under any agreement or instrument to which the Guarantor is a party or by which the Guarantor or any of its property and assets may be bound or affected, and does not require the consent or approval of any other Person (other than consents or approvals which have been obtained).

Revival of Indebtedness and Liability

12. If at any time all or any part of any payment previously applied by the Creditor to any portion of the Obligations is rescinded or returned by the Creditor for any reason whatsoever, whether voluntarily or involuntarily (including, without limitation, as a result of or in connection with the insolvency, bankruptcy or reorganization of the Debtor or the Guarantor, or any allegation that the Creditor received a payment in the nature of a preference), then to the extent that such payment is rescinded or returned such portion of the Obligations shall be deemed to have continued in existence notwithstanding such initial application, and this Agreement shall continue to be effective or be reinstated, as the case may be, as to such portion of the Obligations as though such payment had not been made.

Postponement of Indebtedness

13. Payment of all present and future obligations of the Debtor to the Guarantor (the "**Postponed Indebtedness**") is hereby postponed to payment of the Obligations. For greater certainty, the Guarantor agrees that it shall not receive any payments of principal, interest or any other amounts in respect of the Postponed Indebtedness until the Obligations have been paid and satisfied in full. If any portion of the Postponed Indebtedness is paid in contravention of this Agreement, the Guarantor agrees to hold such amount in trust for the Creditor and immediately pay such amount to the Creditor. If the Guarantor now or in the future holds any security for the Postponed Indebtedness (the "**Postponed Security**"), the security interests constituted thereby shall be subordinated to all present and future security interests held by the Creditor in respect of the Obligations, notwithstanding the order of execution, delivery, registration or perfection of the said security interests, the order of advancement of funds, the order of crystallization of security, or any other matter which may affect the relative priorities of such security interests; and the Guarantor may not initiate or take any action to enforce the Postponed Security without the prior written consent of the Creditor.

Restrictions on Right of Subrogation

14. The Guarantor agrees not to exercise or enforce any right of subrogation or any similar right available to the Guarantor against the Debtor or any other guarantor of the Obligations, or as to any security therefor, unless and until the Obligations have been paid and satisfied in full and the Creditor has no further obligation to extend credit to the Debtor under the Credit Documents or otherwise. The Guarantor has no right to be subrogated hereunder unless: (i) the Guarantor has paid to the Creditor an amount equal to the Obligations together with all interest, expenses and other amounts due hereunder; (ii) any other Person having a potential right of subrogation has waived such right and consented to the assignment of the Obligations and any security held by the Creditor to the Guarantor; and (iii) the Creditor has received from the Debtor a release of all claims and demands which the Debtor may have against the Creditor, including any obligation to grant additional credit to the Debtor. Any such assignment of loans and security by the Creditor to the Guarantor shall be on an "as is, where is" basis without representations, warranties or conditions, and without recourse to the Creditor. All documents listed above shall be in form and substance satisfactory to the Creditor, acting reasonably.

Expenses

15. The Guarantor agrees to pay to the Creditor, promptly upon demand, all reasonable expenses (including reasonable legal fees) incurred by the Creditor in connection with the preservation or enforcement of any of its rights and remedies hereunder, together with interest thereon as provided in paragraph 3.

Additional Security

16. This Agreement is in addition to and not in substitution for any guarantees or agreements which may have previously been given to the Creditor by the Guarantor in connection with the Debtor or the Obligations, and is in addition to and without prejudice to any security (including guarantees provided by other Persons) now or hereafter held by the Creditor in respect of the Obligations, and any other rights or remedies which it might have.

Set-Off

17. From and after the date of a Default under the Royalty Agreement, the Creditor may from time to time set-off and apply any liabilities it may have to the Guarantor (including liabilities in respect of any monies deposited with it by the Guarantor) against any and all of the obligations of the Guarantor to the Creditor now or hereafter existing under this Agreement, whether or not any of such obligations may be unliquidated, contingent or unmatured.

Notice

18. Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by courier, by certified registered mail or electronic mail or by other telecommunication device capable of creating a written record of such notice and its receipt to the applicable addressee and to the attention of the officer of the addressee as follows:

(a) to the Guarantor:

Radicle Cannabis Holdings Inc.
90 Beach Road
Hamilton, Ontario
L8P 2J7

Attention: Ziad Reda, Chief Executive Officer
Email: ziadr@radiclecannabis.ca

(b) to the Creditor:

Canopy Rivers Corporation
40 King Street West, Suite 2504
Toronto, Ontario
M5H 3Y2

Attention: Eddie Lucarelli
Email: eddie@canopyrivers.com

Any communication shall be effective (i) if given by mail, five (5) days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid, (ii) if given by electronic mail, one (1) Business Day after such electronic mail is sent, or (iii) if given by any other means, when delivered at the addresses specified in this Section.

Severability

19. If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect and all changes rendered necessary by the context shall be deemed to have been made.

Amalgamation of the Debtor

20. If the Debtor amalgamates with any other corporation or corporations, the Guarantor acknowledges that the Obligations shall include: (i) all obligations of each amalgamating corporation (including the Debtor) to the Creditor and in existence at the time of such amalgamation; and (ii) all obligations of the amalgamated corporation to the Creditor incurred or arising from time to time after such amalgamation. After such amalgamation, all references herein to the "Debtor" shall mean the said amalgamated corporation and all other provisions of this Agreement shall be deemed to have been amended to the extent required by the context in order to reflect such amalgamation.

Further Assurances

21. The Guarantor agrees, at its own expense, to promptly execute and deliver or cause to be executed and delivered to the Creditor upon request from time to time all such other and further documents, agreements, opinions, certificates and instruments as are required under this Agreement or as may be reasonably requested by the Creditor if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein.

Entire Agreement; Conclusive Delivery

22. This Agreement and the other Transaction Documents constitute the entire agreement and understanding between the Guarantor and the Creditor relating to the subject-matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto including, without limitation, the Original Guarantee, and no amendment shall be effective unless made in writing and executed by the Guarantor and the Creditor. Possession by the Creditor of an executed copy of this Agreement shall constitute conclusive evidence that: (i) this Agreement was executed and delivered by the Guarantor to the Creditor free of all conditions; (ii) there is no agreement or understanding between the Creditor and the Guarantor that this Agreement was delivered in escrow or is not intended to be effective until the occurrence of any event or the satisfaction of any condition; (iii) the Creditor has made no representations, statements or promises to the Guarantor regarding the Debtor, the Creditor's intention to obtain any security in respect of the Obligations or guarantees from other Persons in respect of the Obligations, the circumstances under which the Creditor may enforce this Agreement, the manner in which the Creditor might enforce this Agreement or any other matter which might conflict with the provisions expressly set out herein; and (iv) there are no representations, statements, promises, understandings, warranties, conditions or collateral agreements between the Creditor and the Guarantor relating to the subject-matter of this Agreement, other than as expressly set out herein.

Release of Agreement

23. Upon the full and final payment and performance of the Obligations, the Creditor agrees to execute and deliver all such documents and instruments as may be reasonably required to evidence the termination and release of this Agreement.

Governing Law; Submission to Jurisdiction

24. This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the right of the Creditor to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the Guarantor hereby irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Successors and Assigns

25. This Agreement shall enure to the benefit of the Creditor and its successors and assigns, and shall be binding upon the Guarantor and its successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of a corporation with any other corporation. Without limiting the generality of the foregoing, if the Creditor assigns or transfers all or any portion of the Obligations or any interest therein to any other Person in accordance with the terms and conditions of the Credit Documents, such Person shall thereafter be considered the "Creditor" for all purposes under this Agreement, and the Obligations or portion thereof or interest therein so transferred or assigned shall be and shall remain part of the "Obligations" hereunder.

Execution by Fax or PDF; Execution in Counterparts

26. This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement. This Agreement may be executed by electronic means and any signature contained hereon by electronic means shall be deemed to be equivalent to an original signature for all purposes.

Copy of Agreement

27. The Guarantor hereby acknowledges receipt of a copy of this Agreement.


Amendment and Restatement

28. Immediately upon execution of this Agreement, the Original Guarantee shall be deemed to have been amended, as of the date hereof, to the extent necessary to give effect to this Agreement. It is the intent of the Guarantor and Creditor that this Agreement restates in its entirety the Original Guarantee, as amended hereby.

(The remainder of this page is intentionally blank. Signature page follows.)

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the date appearing on the first page hereof.

RADICLE CANNABIS HOLDINGS INC.

By: 
Name: Ziad Reda
Title: President

AMENDED AND RESTATED GENERAL SECURITY AND PLEDGE AGREEMENT

THIS AGREEMENT executed as of the 2nd day of January, 2020

BY:

RADICLE CANNABIS HOLDINGS INC.

(the "**Debtor**")

IN FAVOUR OF:

CANOPY RIVERS CORPORATION

(the "**Creditor**")

WHEREAS the Debtor entered into a general security and pledge agreement dated as of August 4, 2017 in favour of the Creditor (the "**Original GSA**");

AND WHEREAS the Debtor and Creditor have agreed to make certain amendments to the Original GSA subject to the terms and conditions of this agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor hereby agrees as follows:

Definitions and Interpretation

1. In this agreement, all capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Convertible Debenture (as defined below), provided that, in the event that the Convertible Debenture is terminated, surrendered, repaid or otherwise no longer in effect, all capitalized terms used herein as defined in the Convertible Debenture shall have the meanings assigned thereto in the Convertible Debenture as it existed immediately before its termination, surrender or repayment, and the following words shall, unless otherwise provided, have the meanings set out below:

"Borrower" means Radicle Medical Marijuana Inc. and its successors and assigns;

"Collateral" means all present and future property, assets and undertaking of the Debtor including the following:

- (a) all present and future equipment of the Debtor, including all of its present and future machinery, fixtures, plant, tools, furniture, books, records, documents, vehicles of any nature, kind or description, and all accessions to any of the

foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating to the foregoing;

- (b) all present and future inventory of the Debtor, including all of its present and future raw materials, materials used or consumed in its business, work-in-progress, finished goods, goods used for packing and goods acquired or held for sale or lease or that have been leased or furnished or that are to be furnished under contracts of rental or service, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing;
- (c) all present and future Cannabis of the Debtor;
- (d) all present and future intangibles of the Debtor, including all of its present and future accounts and other amounts receivable, book debts, goodwill, Intellectual Property and choses in action of every nature and kind;
- (e) all present and future documents of title, chattel paper, instruments, money and securities of the Debtor;
- (f) all present and future Investment Assets of the Debtor including, without limitation, those set out on Schedule "A" attached hereto;
- (g) all substitutions or exchanges from time to time in respect of any of the foregoing Investment Assets;
- (h) all dividends, distributions and other income (whether in the form of Money, Investment Assets or any other property) derived from or in respect of any of the foregoing Investment Assets or payable in connection therewith and all monies and property received or receivable in the nature of the return or repayment of capital in respect thereof;
- (i) all other present and future real property, personal property, assets, and undertaking of the Debtor of any nature or kind, including all real property, personal property, assets and undertaking at any time owned, leased or licensed by the Debtor or in which the Debtor at any time has any right or interest or to which the Debtor is or may at any time become entitled; and
- (j) all proceeds derived directly or indirectly from any dealing with any of the foregoing, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto;

"Collateral Access Agreement" means any landlord waiver or other agreement, in form and substance reasonably satisfactory to the Creditor, between the Creditor and any

third party (including any bailee, consignee, customs broker, or other similar Person) in possession of any Collateral or any landlord of the Debtor for any real property where any Collateral is located, as such landlord waiver or other agreement may be amended, restated, or otherwise modified from time to time;

“Contractual Right” means any agreement, right, franchise, licence, authorization, approval, equipment lease or sublease, privilege or permit (a) to which the Debtor is now or hereafter becomes a party, (b) in which the Debtor now or hereafter has any interest or (c) of which the Debtor is or hereafter becomes a beneficiary;

“Convertible Debenture” means the convertible debenture dated as of the date hereof between the Debtor, as borrower, and the Creditor, as creditor, as such agreement may be amended, supplemented, restated, replaced or otherwise modified from time to time;

“Documents” means the Convertible Debenture, the Guarantee and the other Transaction Documents;

“Guarantee” means the amended and restated guarantee dated as of the date hereof granted by the Debtor to the Creditor in respect of the present and future indebtedness, liabilities and obligations of the Borrower to the Creditor, including pursuant to or in respect of the Royalty Agreement, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;

“Intellectual Property” means all patents, trade-marks, trade names, business names, trade styles, logos and other business identifiers, copyrights, technology, inventions, industrial designs, know-how, trade secrets and other industrial and intellectual property in which the Debtor or any of its subsidiaries now or in the future has any right, title or interest;

“Investment Assets” means all present and future Investment Property (as such term is defined in the PPSA) and Financial Assets (as such term is defined in the STA) held by the Debtor, including all present and future options and warrants held by the Debtor and all other rights and entitlements arising therefrom or related thereto, and the Debtor present and future interests in partnerships, limited partnerships, limited liability partnerships and limited liability companies, all substitutions for any of the foregoing and all dividends and income derived therefrom or payable in connection therewith;

“Issuer” means an issuer as defined in the STA;

“Money” means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency;

“Obligations” means all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured, joint or several, of the

Debtor to the Creditor, including all such indebtedness, liabilities and obligations pursuant to or in respect of each of the Documents.

"PPSA" means the *Personal Property Security Act* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto, provided that, if perfection or the effect of perfection or non-perfection or the priority of any Encumbrance created hereunder or in relation to any other Document on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in a province or other jurisdiction other than Ontario, "PPSA" means the *Personal Property Security Act* or such other applicable legislation in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority;

"Proceeds" means identifiable or traceable personal or real property in any form derived directly or indirectly from any dealing with any of the Collateral or the proceeds therefrom;

"Receiver" means a receiver, receiver-manager and receiver and manager;

"Royalty Agreement" means the royalty agreement dated as of August 4, 2017 between the Borrower and the Creditor, as it may be amended, supplemented, otherwise modified, restated or replaced from time to time;

"Security Interest" means the pledges, assignments, mortgages, charges and hypothecations of, and the security interests in, the Collateral created hereunder in favour of the Creditor; and

"STA" means the *Securities Transfer Act, 2006* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto.

2. References such as "this agreement", "hereof", "herein", "hereto" and like references refer to this agreement and any schedules, exhibits or appendices attached hereto (all of which schedules, exhibits and appendices form a part of this agreement) and not to any particular section, subsection, paragraph or other subdivision of this agreement.
3. The division of this agreement into sections, subsections and paragraphs and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.
4. Terms used herein which are defined in the PPSA or the STA, as applicable, shall have the same meanings herein as are ascribed to such terms in the PPSA or the STA, as applicable, unless such terms are otherwise defined.

5. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used. The term "successors" shall include, without limiting its meaning, any entity resulting from the amalgamation of an entity with another entity. Where the context so requires, words used herein (including defined terms) importing the singular shall include the plural and vice versa and words used herein (including defined terms) importing gender shall include all genders (including the neuter).
6. Nothing herein (including the use of the term Permitted Encumbrances) is intended or shall be deemed to subordinate the Security Interest to any Permitted Encumbrance or any other Encumbrance affecting all or any portion of the Collateral.
7. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, such provision or provisions shall be severed from this agreement only to the extent necessary, and the validity, legality and enforceability of the remaining provisions hereof, including the provision or provisions remaining after such severance, shall not in any way be affected or impaired thereby.
8. In the event that any day, on or before which any action is required to be taken hereunder, is not a Business Day, then such action shall be required to be taken on or before the first Business Day thereafter.
9. If any provision in this agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation" and the use of the term "includes" shall mean "includes, without limitation".
10. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Grant of Security Interest

11. As continuing security for the payment and performance of the Obligations, the Debtor hereby pledges, assigns, mortgages, charges and hypothecates to the Creditor, and grants to the Creditor, a security interest in the Collateral.

Limited Exceptions to Grant of Security Interest

12. Despite any other provision of this agreement, the last day of any term reserved by any lease of real property, oral or written, or any agreement therefor, now held or hereafter

acquired by the Debtor, and whether falling within the general or particular description of the Collateral, is hereby and shall be excepted out of the Security Interest, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term, for the time being demised, as aforesaid, upon trust to assign and dispose of the same as any purchaser of such term shall direct.

13. Despite any other provision of this agreement, the Security Interest shall not attach to any Contractual Right to the extent that the granting of the Security Interest therein would constitute a breach of, or permit any Person to terminate such Contractual Right, but the Debtor shall hold its interest in each such Contractual Right in trust for the Creditor, and shall, after the Security Interest shall have become enforceable and at the Creditor's written request, specifically assign each such Contractual Right to the Creditor, or as the Creditor may otherwise direct. The Debtor agrees that it shall, upon the request of the Creditor, whether before or after the Security Interest has become enforceable, use all commercially reasonable efforts to obtain any consent required to permit any such Contractual Right to be subjected to the Security Interest, and the Security Interest shall attach to such Contractual Right following the receipt of such consent.
14. Despite any other provision of this agreement, the interests granted to the Creditor pursuant to this agreement in the Debtor's existing and after acquired trademarks shall be limited to the Creditor's security interests therein.

Attachment

15. The Debtor confirms and agrees that:
 - (a) value has been given by the Creditor to the Debtor;
 - (b) the Debtor has rights in all existing Collateral and power to transfer rights in the Collateral to the Creditor; and
 - (c) the Debtor and the Creditor have not postponed the time for attachment of the Security Interest and the Security Interest shall attach to existing Collateral upon the execution of this agreement and shall attach to Collateral in which the Debtor hereafter acquires rights at the time that the Debtor acquires rights in such Collateral.

Provisions with respect to Investment Assets

16. Whenever any Investment Asset is a certificated security, an uncertificated security or a security entitlement, the Debtor shall, or shall cause the issuer of such Investment Assets to, or shall cause the securities intermediary that holds such Investment Assets to, take all steps as are necessary to give exclusive control (within the meaning of the

STA) over such Investment Assets to the Creditor in a manner satisfactory to the Creditor.

17. All certificates representing Investment Assets may remain registered in the name of the Debtor, but the Debtor shall, promptly at the request of the Creditor, duly endorse such certificates in blank for transfer or execute stock powers of attorney in respect thereof and deliver such certificates or powers of attorney to the Creditor; in either case with signatures guaranteed and with all documentation being in form and substance satisfactory to the Creditor. After the Security Interest shall have become enforceable and at the Creditor's written request:
 - (a) the Debtor shall promptly cause the Investment Assets to be registered in the name of the Creditor or its nominee, and the Creditor is hereby appointed the irrevocable attorney (coupled with an interest) of the Debtor with full power of substitution to cause any or all of the Investment Assets to be registered in the name of the Creditor or its nominee;
 - (b) the Debtor shall promptly cause each securities intermediary that holds any Investment Asset that is a security entitlement to record the Creditor as the entitlement holder of such Investment Asset; and
 - (c) the Debtor shall promptly:
 - (i) cause a security certificate to be issued for any Investment Asset that is in the form of an uncertificated security or a security entitlement;
 - (ii) endorse such security certificate in blank;
 - (iii) deliver such security certificate to the Creditor; and
 - (iv) take all other steps necessary to give exclusive control over such certificated security to the Creditor,in a manner satisfactory to the Creditor.
18. Until further notice is given by the Creditor to the Debtor terminating such rights of the Debtor, the Debtor shall be entitled to exercise all voting rights attached to the Investment Assets and give consents, waivers and ratifications in respect thereof; provided that no vote shall be cast or consent, waiver or ratification given or action taken which would be prejudicial to the interests of the Creditor or which would have the effect of reducing the value of the Investment Assets as security for the Obligations, or imposing any restriction on the transferability of any of the Investment Assets. All such rights of the Debtor to vote and give consents, waivers and ratifications shall cease immediately upon receipt by the Debtor of such notice by the Creditor.

19. All dividends, distributions, interest and other income in respect of Investment Assets and all proceeds received by the Debtor in respect of Investment Assets may be received by the Debtor in the ordinary course and distributed in the ordinary course to the Debtor's shareholder(s) until further notice by the Creditor. Upon receipt by the Debtor of such notice, the Debtor shall not be entitled to retain or distribute to its shareholder(s) any such dividends, distributions, interest or other income or proceeds and, if any such amounts are received by the Debtor after the Debtor receives such notice by the Creditor, the Debtor shall hold such amounts in trust, as trustee for the Creditor, and the Debtor shall forthwith pay such amounts to the Creditor, to be applied to reduce the Obligations or, at the option of the Creditor, to be held as additional security for the Obligations.
20. The responsibility of the Creditor in respect of any Investment Assets held by the Creditor shall be limited to exercising the same degree of care which the Creditor gives valuable property of the Creditor at the Creditor's office where such Investment Assets are held. The Creditor shall not be bound under any circumstances to realize on any Investment Assets or allow any Investment Assets to be sold, or exercise any option or right attaching thereto, or be responsible for any loss occasioned by any sale of Investment Assets or by the retention or other refusal to sell the same; nor shall the Creditor be obliged to collect or see to the payment of interest or dividends thereon but, subject to section 19, all such interest and dividends, if and when received by the Debtor, shall be held by the Debtor in trust for the Creditor, and shall be forthwith paid to the Creditor.

Representations and Warranties of the Debtor

21. The Debtor hereby represents and warrants to the Creditor that:
 - (a) the Debtor has the capacity and authority to incur the Obligations, to create the Security Interest and to execute and deliver and perform its obligations under this agreement;
 - (b) the execution and delivery of this agreement and the performance by the Debtor of its obligations hereunder have been duly authorized by all necessary proceedings;
 - (c) this agreement constitutes a legal, valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting creditors' rights and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies;

- (d) except for the Security Interest and any Permitted Encumbrances, the Collateral is owned by the Debtor free from any mortgage, charge, lien, pledge, security interest or other encumbrance or claim whatsoever;
- (e) Schedule "A" attached hereto includes a complete list of all Investment Assets including all securities, securities accounts and securities entitlements in which the Debtor has rights;
- (f) the chief executive office and registered office of the Debtor are located at the address(es) listed in Part I of Schedule "B" of this agreement;
- (g) the Debtor does not keep tangible Collateral at any location(s) except:
 - (i) the location listed in Part I of Schedule "B" hereto, and
 - (ii) any location(s) listed in Part II of Schedule "B" hereto,other than such tangible Collateral in transit to or from such locations;
- (h) all Contractual Rights relating to or affecting the Intellectual Property are in good standing;
- (i) the Debtor owns directly, or is entitled to use by Contractual Right or otherwise, all of the Intellectual Property;
- (j) no litigation is pending or threatened which contains allegations respecting the validity, enforceability, infringement or ownership of any of the Intellectual Property, including any right, title or interest of the Debtor in the Intellectual Property; and
- (k) the Debtor has made all necessary filings, registrations and recordations to protect all of its right, title and interest in that Intellectual Property which is material to the conduct of the Debtor's business including all relevant renewals; and all such filings, registrations and recordations have been duly and properly made and are in full force and effect and are not subject to dispute by any governmental authority or agency.

Covenants of the Debtor

22. The Debtor agrees with the Creditor that, until the Obligations have been satisfied and paid in full:
- (a) it will:
 - (i) make and maintain all filings, registrations and recordations necessary or desirable to protect its right, title and interest in the Collateral, including all

filings, registrations and recordations necessary or desirable in respect of patents, trademarks, copyrights and industrial designs included in the Intellectual Property;

- (ii) defend the Collateral against any actions, claims and demands of any Person (other than the Creditor) claiming the Collateral (or any of it) or an interest therein, including without limitation, the duty to prosecute and/or defend against any and all suits concerning validity, infringement, enforceability, ownership or other aspects affecting any of the Intellectual Property (any expenses incurred in protecting, preserving and maintaining any of the Intellectual Property shall be borne by the Debtor);
- (iii) hold the proceeds received from any direct or indirect dealing with the Collateral in trust for the Creditor after either the Security Interest becomes enforceable or any of the Collateral is sold other than as permitted pursuant to any of the Documents;
- (iv) permit the Creditor at any time and from time to time, both before and after the Security Interest shall have become enforceable, to require any account debtor of the Debtor to make payment to the Creditor of any or all amounts owing by the account debtor to the Debtor and the Creditor may take control of any proceeds referred to herein and may hold all amounts received from any account debtor and any proceeds as cash collateral as part of the Collateral and as security for the Obligations;
- (v) prevent any Collateral from becoming an accession to any personal property not subject to the Security Interest, or becoming affixed to any real property;
- (vi) deliver to the Creditor, at the Creditor's request, duly endorsed and/or accompanied by such assignments, transfers, powers of attorney or other documents as the Creditor may request, all items of the Collateral comprising chattel paper, instruments, Investment Assets and documents of title;
- (vii) without limiting the generality of any of the forgoing, perform all covenants required of the Debtor under any Contractual Right relating to or affecting the Intellectual Property (or any of it), including promptly paying all required fees, royalties and taxes, to maintain each and every item of Intellectual Property in full force and effect, and vigorously protect, preserve and maintain all of the value of, and all of the right, title and interest of the Debtor in, all Intellectual Property, by way of the prosecution of or defence against suits concerning the validity,

infringement, enforceability or ownership of the Intellectual Property (or any of it) or otherwise;

- (viii) upon the reasonable request of the Creditor, use commercially reasonable efforts to obtain a Collateral Access Agreement necessary in connection with the Security Interest, with respect to any location leased by the Debtor or any public warehouse used by the Debtor; and
 - (ix) at all times, both before and after the occurrence of a default, do or cause to be done such further and additional acts and things and execute and deliver or cause to be executed and delivered all such further and additional documents and agreements as the Creditor may reasonably require to better pledge, assign, mortgage, charge and hypothecate the Collateral in favour of the Creditor, to perfect the Security Interest and, without limiting the generality of the forgoing, to accomplish the intentions of this agreement; and
- (b) it will not, and ensure that its subsidiaries will not, without (A) 30 days' prior written notice to the Creditor, and (B) receipt of the Creditor's written acknowledgement that any reasonable action requested by the Creditor in connection therewith (including to continue the perfection of any Encumbrance in favour of the Creditor in any Collateral) has been completed or taken:
- (i) change its corporate name;
 - (ii) change the location of its chief executive office or registered office from that set out in Part I of Schedule "B" hereto;
 - (iii) hold or store tangible Collateral at any location other than the location(s) listed in Parts I and II of Schedule "B" hereto; or
 - (iv) otherwise change its principal place of business, corporate offices, and/or the location of its records concerning the Collateral.

Default

23. The Obligations shall, at the option of the Creditor, become payable and the Security Interest shall become enforceable upon the occurrence of a default or an event of default under any of the Documents.

Remedies of the Creditor

24. Whenever the Security Interest shall have become enforceable, and so long as it shall remain enforceable, the Creditor may proceed to realize the Security Interest and the Collateral and to enforce the Creditor's rights by doing any one or more of the following:

- (a) entering upon the Collateral and any lands and premises where any Collateral is or may be located;
- (b) taking possession of Collateral by any method permitted by law;
- (c) occupying any lands and premises owned or occupied by the Debtor and using all or any part of such lands and premises and the equipment and other Collateral located thereon;
- (d) leasing, selling, licensing or otherwise disposing of the whole or any part or parts of the Collateral;
- (e) collecting, selling or otherwise dealing with any accounts or other amounts receivable of the Debtor, including notifying any person obligated to the Debtor in respect of an account, chattel paper or instrument to make payment to the Creditor of all present and future amounts due thereon;
- (f) taking steps and expending such monies as it considers necessary or desirable in its sole discretion to maintain, preserve and protect the Collateral, including making payments on account of other security interests affecting the Collateral; provided that the Creditor shall have no obligation to take any such actions or make any such expenditures; but any such amounts paid by the Creditor shall be added to the Obligations and shall be secured by the Security Interest;
- (g) collecting any rents, income, and profits received in connection with the business of the Debtor or the Collateral, without carrying on such business;
- (h) exercising all voting rights attached to any Collateral constituting Investment Assets (whether or not registered in the name of the Creditor or its nominee) and giving or withholding all consents, waivers and ratifications in respect thereof and otherwise acting with respect thereto as though it were the absolute owner thereof;
- (i) exercising any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any Collateral constituting Investment Assets as if it were the absolute owner thereof including the right to exchange at its sole discretion any and all of such Investment Assets upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any such Investment Assets, and in connection therewith, to deposit and deliver any such Investment Assets with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine in its sole discretion, all without liability except to account for property actually received by it;

- (j) complying with any limitation or restriction in connection with any proposed sale or other disposition of Collateral constituting Investment Assets as may be necessary in order to comply with applicable law or regulation or any policy imposed by any stock exchange, securities commission or other governmental or regulatory authority or official, and the Debtor agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor shall not be liable or accountable to the Debtor for any discount in the sale price of any such Investment Assets which may be given by reason of the fact that such Investment Assets are sold in compliance with any such limitation or restriction;
 - (k) carrying on the business of the Debtor or any portion thereof;
 - (l) exercising any and all of the rights and remedies granted pursuant to the PPSA and any other applicable legislation, or otherwise available at law or in equity;
 - (m) demanding, commencing, continuing or defending any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and giving valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the accounts or other amounts receivable of the Debtor or any other obligation of any third party to the Debtor;
 - (n) borrowing money for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Debtor, and charge and grant further security interests in the Collateral in priority to the Security Interest or otherwise, as security for the money so borrowed;
 - (o) accepting the Collateral in satisfaction of the Obligations;
 - (p) appointing by instrument in writing a Receiver or Receivers of the Collateral or any part thereof;
 - (q) bringing proceedings in any court of competent jurisdiction for the appointment of a Receiver or Receivers or for the sale of the Collateral or any part thereof; and
 - (r) filing such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relating to the Debtor or the Collateral.
25. Any Receiver appointed by the Creditor may be any person or persons (including one or more officers or employees of the Creditor), and the Creditor may remove any Receiver so appointed and appoint another or others instead. Any such Receiver may exercise any and all of the rights, remedies and powers of the Creditor provided in this agreement. The Creditor shall not be responsible for the actions, errors or omissions of

any Receiver it appoints and any such Receiver shall be deemed to act as agent for the Debtor for all purposes, including the occupation of any lands and premises of the Debtor and in carrying on the Debtor's business, unless the Creditor expressly specifies in writing that the Receiver shall be the agent for the Creditor for one or more purposes. Without limiting the generality of the forgoing, for the purposes of realizing upon the Security Interest, any Receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Creditor as the Creditor may specify in writing in its sole discretion. The Debtor agrees to ratify and confirm all actions of any Receiver appointed by the Creditor as agent for the Debtor, and to release and indemnify the Receiver in respect of all such actions.

26. Without limiting the ability of the Creditor or any Receiver to dispose of Collateral in any other manner, the Debtor agrees that any sale, lease or other disposition of the Collateral hereunder may be completed by public auction, public tender or private contract, with or without notice, with or without advertising and with or without any other formality (except as required by law), all of which are hereby waived by the Debtor. Any such disposition of Collateral may involve all or part of the Collateral and may be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as the Creditor or any Receiver appointed by the Creditor may, in its sole discretion, deem advantageous and may take place whether or not the Creditor or any such Receiver has taken possession of such Collateral. Any purchaser or lessee of Collateral may be a customer of the Creditor.
27. The Creditor shall not be liable for any delay or failure to enforce any rights, powers or remedies available to it or to institute any proceedings for such purposes.
28. No right, power or remedy of the Creditor (whether granted herein or otherwise) shall be exclusive of or dependent on or merge in any other right, power or remedy, but all such rights, powers and remedies may from time to time be exercised independently or in combination.
29. The Debtor agrees to pay to the Creditor, forthwith on demand by the Creditor, all costs and expenses incurred by the Creditor in connection with the exercise by the Creditor of its rights, powers and remedies hereunder, including:
 - (a) any costs and expenses incurred by the Creditor in taking, holding, moving, storing, recovering, possessing, repairing, processing, preparing for disposition or disposing of Collateral;
 - (b) any legal fees and expenses incurred by the Creditor in enforcing its rights, powers and remedies, including those incurred in connection with any proceedings taken for the purpose of enforcing their rights, powers and remedies hereunder or otherwise relating to the non-payment or non-performance of any Obligations;

- (c) the cost of borrowing amounts as hereinbefore provided (for the purpose of carrying on the Debtor's business or otherwise), including, the principal amount or any such amount borrowed, all interest thereon and fees relating thereto; and
- (d) all costs and expenses of or incurred by any Receiver, agent or consultant appointed by the Creditor (including any legal fees and expenses incurred by any such Receiver, agent or consultant).

All such sums shall bear interest at the highest rate applicable to the Obligations, shall form part of the Obligations and shall be secured by the Security Interest.

- 30. Any and all payments made in respect of the Obligations from time to time and moneys realized from any Collateral (including moneys realized on any enforcement of this agreement) may be applied to such part or parts of the Obligations as the Creditor may see fit, and the Creditor shall at all times and from time to time have the right to change any appropriation as the Creditor may see fit.
- 31. The Debtor shall remain liable for all Obligations that are outstanding following realization of all or any part of the Collateral.

Rights of the Creditor

- 32. The Creditor may pay the whole or any part of any liens, taxes, rates, charges or encumbrances now or hereafter existing in respect of any Collateral and such payments together with all costs, charges and expenses which may be incurred in connection with making such payments shall form part of the Obligations, shall bear interest at the highest rate applicable to the Obligations, and shall be secured by the Security Interest. Whenever the Creditor pays any such lien, tax, rate, charge or encumbrance, it shall be entitled to all the equities and securities of the Person or Persons so paid and is hereby authorized to obtain any discharge thereof and hold such discharge without registration for so long as it may deem advisable to do so.
- 33. If the Debtor fails to perform or comply with any covenant or other obligation of the Debtor under this agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such covenant or other obligation, provided that any performance or compliance undertaken by the Creditor will not constitute a waiver, remedy or satisfaction of such failure. The costs and expenses of the Creditor incurred in connection with any such performance or compliance shall be payable by the Debtor to the Creditor on demand, form part of the Obligations, bear interest at the highest rate applicable to the Obligations and be secured by the Security Interest.
- 34. The Debtor grants to the Creditor the right to set off against the Obligations (or any portion thereof) any amount owed by the Creditor to the Debtor, including the amount of any and all accounts, credits or balances maintained by the Debtor with the Creditor.

35. The Creditor, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Debtor and all other Persons and securities as the Creditor may see fit.
36. Nothing herein shall obligate the Creditor to extend or amend any credit to the Debtor or to any other Person.
37. The Creditor may assign, transfer and deliver to any transferee any of the Obligations or any security or any documents or instruments held by the Creditor in respect thereof. The Debtor shall not assign any of its rights or obligations hereunder without the prior written consent of the Creditor.

Amalgamation of Debtor

38. If the Debtor amalgamates with any other entity or entities, this agreement shall continue in full force and effect and shall be binding on the amalgamated entity and, for greater certainty:
 - (a) the Security Interest shall:
 - (i) continue to secure payment of all obligations of the Debtor to the Creditor (or any one or more of them) pursuant to or in respect of any of the Documents;
 - (ii) secure payment of all obligations of each other amalgamating entity to the Creditor pursuant to or in respect of any of the Documents; and
 - (iii) secure payment of all obligations of the amalgamated entity to the Creditor pursuant to or in respect of any of the Documents arising on or after the amalgamation,and the term "Obligations" shall include all such obligations under any of the Documents, the other merging, consolidating or amalgamating entities and the amalgamated entity to the Creditor;
 - (b) the Security Interest shall:
 - (i) continue to charge all property and assets of the Debtor;
 - (ii) charge all property and assets of each other amalgamating entity; and

- (iii) charge all property and assets of the amalgamated entity in existence at the time of the amalgamation and all property and assets acquired by the amalgamated entity after the amalgamation,

and the term "Collateral" shall include all such property and assets of the Debtor, the other amalgamating entities and the amalgamated entity;

- (c) all defined terms and other provisions of this agreement shall be deemed to have been amended to reflect such amalgamation, to the extent required by the context; and
- (d) the parties agree to execute and deliver all such further documents and assurances as may be necessary or desirable in connection with the foregoing.

Notices

- 39. Any notice, demand, consent, approval or other communication to be made or given under or in connection with this agreement shall be in writing and may be made or given and shall be deemed received in the manner provided for in the Documents.

Paramountcy

- 40. In the event of any conflict between the terms of this agreement and the terms of the Convertible Debenture, the provisions of the Convertible Debenture shall govern to the extent necessary to remove the conflict. In the event of any conflict between the terms of this agreement and the terms of any other Document (other than the Convertible Debenture), the provisions of this agreement shall govern to the extent necessary to remove the conflict.

Miscellaneous


- 41. Time shall be of the essence of this agreement.
- 42. Upon payment and fulfillment by the Debtor, its successors or permitted assigns, of all Obligations and provided that the Creditor is then under no obligation (conditional or otherwise) to make any further loan or extend any other type of credit to the Borrower or to any other Person, the payment of which is secured, directly or indirectly, by this agreement, the Creditor shall, upon request in writing by the Debtor and at the Debtor's expense, discharge this agreement.
- 43. This agreement is in addition to and not in substitution for any other security now or hereafter held by the Creditor, and shall be general and continuing security notwithstanding that the Obligations shall be at any time or from time to time fully satisfied or paid.

44. The Creditor may in writing (and not otherwise) waive any default by the Debtor in the observance or performance of any provision of this agreement; provided that no waiver by the Creditor shall extend to or be taken in any manner whatsoever to affect any subsequent default, whether of the same or a different nature, or the rights resulting therefrom.
45. This agreement shall enure to the benefit of the Creditor and its successors and assigns, and shall be binding on the Debtor, its successors and permitted assigns.
46. The Debtor agrees that the Creditor may from time to time provide information concerning this agreement (including a copy hereof), the Collateral and the Obligations to any Person the Creditor in good faith believes is entitled thereto pursuant to applicable legislation.
47. This agreement may be executed in any number of counterparts, all of which when taken together shall constitute one agreement. Any signatory hereto may deliver an executed copy of this agreement by facsimile or electronic mail to the addressee hereto provided that in such event that party shall promptly deliver to the addressee hereto an originally executed copy of this agreement.
48. The Debtor acknowledges receipt of an executed copy of this agreement and waives all rights to receive from the Creditor a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this agreement.
49. Immediately upon execution of this agreement, the Original GSA shall be deemed to have been amended, as of the date hereof, to the extent necessary to give effect to this agreement. It is the intent of the Debtor and Creditor that this agreement restates in its entirety the Original GSA as amended hereby.
50. This agreement and the other Documents constitute the entire agreement among the Debtor and Creditor with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto including, without limitation, the Original GSA.

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IN WITNESS WHEREOF this agreement has been executed by the undersigned as of the first date written above.

RADICLE CANNABIS HOLDINGS INC.

By: 
Name: Ziad Beda
Title: President

By: _____
Name:
Title:

SCHEDULE "A"**INVESTMENT ASSETS**

Registered Owner	Issuer	Certificate Number	Description of Interest	% of Outstanding Interests
Radicle Cannabis Holdings Inc.	Radicle Medical Marijuana Inc.	C-18	44,200,000 Common Shares	100%

SCHEDULE "B"**Part I****Location of the Debtor's Chief Executive Office and Registered Office**

1. 90 Beach Road, Hamilton, Ontario, L8L 3Z9
2. 77 King Street W, Suite 3000, TD Centre, North Tower, PO Box 95, Toronto, Ontario M5K 1G8

Part II**Other Location(s) of the Debtor's Tangible Collateral**

None.

AMENDED AND RESTATED GUARANTEE AGREEMENT

THIS AGREEMENT is made this 2nd day of January, 2020 by Radicle Medical Marijuana Inc. (the "**Guarantor**") in favour of Canopy Rivers Corporation (the "**Creditor**").

WHEREAS Radicle Cannabis Holdings Inc. (the "**Borrower**") and the Creditor are parties to a convertible debenture dated as of the date hereof (as it may be amended, restated, supplemented or otherwise modified from time to time, the "**Document**");

AND WHEREAS the Guarantor entered into a guarantee agreement dated as of August 4, 2017 in favour of the Creditor (the "**Original Guarantee**");

AND WHEREAS the Guarantor and Creditor have agreed to make certain amendments to the Original Guarantee subject to the terms and conditions set out in this Agreement;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor hereby agrees with the Creditor as follows:

Interpretation

1. In this agreement (as it may be amended, restated, supplemented or otherwise modified from time to time, this "**Agreement**"), unless otherwise defined herein, terms used as defined terms shall have the meanings ascribed thereto in the Document, provided that, in the event that the Document is terminated, surrendered, repaid or otherwise no longer in effect, all capitalized terms used herein as defined in the Document shall have the meanings assigned thereto in the Document as it existed immediately before its termination, surrender or repayment. This Agreement shall be read as if all changes in grammar, number and gender rendered necessary by the context had been made.

Guarantee

2. The Guarantor hereby guarantees payment to the Creditor and its successors and assigns, promptly upon demand by the Creditor, following the occurrence of a default or an event of default under the Document (a "**Default**") which is continuing, of all present and future, direct and indirect, contingent and absolute obligations and liabilities of the Borrower to the Creditor, including all such obligations arising pursuant to or in connection with the Document and the Security Documents, and all other obligations of the Borrower to the Creditor which the Guarantor may from time to time acknowledge in writing are guaranteed hereby (collectively, the "**Obligations**"). This guarantee shall be a continuing guarantee and shall secure the Obligations and any ultimate balance thereof, notwithstanding that the Borrower may from time to time satisfy the Obligations in whole or in part and thereafter incur further Obligations. The Creditor may make successive demands for payment under this Agreement.

Interest

3. The Guarantor shall pay to the Creditor interest on all amounts owing by the Guarantor pursuant to this Agreement accruing from the date the Creditor demands payment pursuant to this Agreement at the highest rate applicable from time to time to any of the

Obligations. Such interest shall be calculated and payable monthly not in advance both before and after judgment on the first day of each month after such demand.

Borrower's Status and Authority

4. All monies, advances, renewals or credits in fact borrowed or obtained from the Creditor by the Borrower or by Persons purporting to act on behalf of the Borrower shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of status or power, incapacity or disability of the Borrower or any of its directors, officers, employees or agents, or that the Borrower may not be a legal entity or that such borrowing or obtaining of monies, advances, renewals or credits or the execution and delivery of any agreement or document by or on behalf of the Borrower is in excess of the powers of the Borrower or any of its directors, officers, employees or agents or is in any way irregular, defective, fraudulent or informal. The Creditor has no obligation to inquire into the powers of the Borrower or any of its directors, officers, employees or agents acting or purporting to act on its behalf.

Liability Unaffected by Certain Matters

5. Except as set forth above, the liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by:
 - (a) the lack of validity or enforceability of the Obligations in whole or in part for any reason whatsoever, including without limitation by reason of prescription, by operation of law or as a result of any applicable statute, law or regulation;
 - (b) any prohibition or restriction imposed in respect of the rights and remedies of the Creditor in respect of the Obligations, specifically including without limitation any court order which purports to prohibit or suspend the acceleration of the time for payment of any of the Obligations, the payment by the Borrower of any of the Obligations or the rights and remedies of the Creditor against the Borrower in respect of the Obligations;
 - (c) the lack of validity or enforceability in whole or in part of: (i) the Document, the Security Documents, this Agreement or any other agreement made from time to time between the Borrower and the Creditor in connection with the Obligations; (ii) any security given by the Borrower in favour of the Creditor from time to time in connection with the Obligations; (iii) any guarantee given by any person in favour of the Creditor from time to time in connection with or relating to the Obligations; or (iv) any security given by any such guarantor in favour of the Creditor from time to time in connection with the Obligations (collectively, the "**Credit Documents**", and individually, a "**Credit Document**");
 - (d) any change in the existence, structure, ownership or control of the Borrower or any of its subsidiaries (including any of the foregoing arising from any merger, consolidation, amalgamation, reorganization or similar transaction); any change in the name, objects, capital stock, constating

documents or by-laws of the Borrower or any of its subsidiaries; or the dissolution, winding-up, liquidation or other distribution of the assets of the Borrower or any of its subsidiaries, whether voluntary or otherwise;

- (e) the Borrower or any of its subsidiaries becoming insolvent or bankrupt or subject to any proceeding under the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the arrangement provisions of applicable corporate legislation, any legislation similar to the foregoing in any other jurisdiction, or any legislation enacted substantially in replacement of the foregoing, or the Creditor voting in favour of any proposal, arrangement or compromise in connection with any of the foregoing;
- (f) the loss of or failure by the Creditor to obtain, register, perfect or maintain any security given by the Borrower or by other Persons in respect of the Obligations, whether intentionally or through failure or neglect or otherwise;
- (g) the failure or neglect of the Creditor to demand payment of the Obligations from the Borrower, any guarantor of the Obligations or any other Person; or the failure or neglect of the Creditor to enforce any security held in respect of the Borrower or in respect of any guarantor of the Obligations;
- (h) the valuation by the Creditor of any security held in respect of the Obligations, which shall not be considered as a purchase of such security or as payment on account of the Obligations;
- (i) any right or alleged right of set-off, counterclaim, appropriation or application or any claim or demand that the Borrower or the Guarantor may have or may allege to have against the Creditor; or
- (j) any other circumstances which might otherwise constitute a legal or equitable defence available to, or complete or partial discharge of, the Borrower in respect of the Obligations or of the Guarantor in respect of this Agreement.

Liability Unaffected by Actions of the Creditor

6. The liability of the Guarantor hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or otherwise affected by anything done, suffered or permitted by the Creditor in connection with the Borrower, the Obligations or any security held by or granted to the Creditor to secure payment or performance of the Obligations (other than the full and final payment and performance of the Obligations). For greater certainty and without limiting the generality of the foregoing, without releasing, discharging, limiting or otherwise affecting in whole or in part the liability of the Guarantor under this Agreement, and without notice to or the consent of the Guarantor, the Creditor may from time to time:
- (a) extend, renew, settle, compromise, waive, release or terminate the Obligations in whole or in part from time to time;

- (b) amend, renew, waive, release or terminate any Credit Document or any terms and conditions contained therein in whole or in part from time to time (specifically including, without limitation, any terms and conditions relating to interest rates, fees and principal payments);
- (c) make advances and extend credit to the Borrower and receive repayments in respect of the Obligations, and increase or decrease the amount of credit available to the Borrower from time to time;
- (d) grant time, renewals, extensions, indulgences, releases and discharges to the Borrower;
- (e) take, refrain from taking or release guarantees from other Persons in respect of the Obligations;
- (f) take, refrain from taking, refrain from registering or perfecting or release any security from the Borrower, any guarantor of the Obligations or any other Person, and release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of any such security;
- (g) accept compromises or arrangements from the Borrower, any guarantor of the Obligations or any other Person;
- (h) refrain from demanding payment from or exercising any rights or remedies in respect of the Borrower, any guarantor of the Obligations or any security held in respect of the Obligations; and for greater certainty the Creditor shall not be bound to exhaust its recourse against the Borrower, guarantors of the Borrower or other Persons or enforce any security held in respect of the Obligations or take any other action or legal proceeding before being entitled to payment from the Guarantor under this Agreement, and the Guarantor hereby waives all benefits of discussion and division;
- (i) apply all monies received from the Borrower, any guarantor of the Borrower or any other Person or from the proceeds of any security upon such part of the Obligations as the Creditor may see fit, or change any such application in whole or in part from time to time, notwithstanding any direction which may be given regarding application of such monies by the Borrower, any guarantor of the Borrower or any other Person; and
- (j) otherwise deal with the Borrower, any guarantor of the Obligations or any other Person and any security held by the Creditor in respect of the Obligations, as the Creditor may see fit in its absolute discretion.

Without limiting the generality of the foregoing, the Guarantor shall not be discharged nor shall the liability of the Guarantor be affected by any act, thing, omission or means whatsoever which would not have resulted in the discharge or release of the liability of the Guarantor under this Agreement if the Guarantor had been liable for payment of the Obligations as principal debtor.

Accounts Settled

7. The records of the Creditor as to the unpaid balance of the Obligations due to it at any time shall constitute *prima facie* evidence that the said amount is so due, in the absence of manifest error.

Waivers

8. No delay on the part of the Creditor in exercising any of its options, powers, rights or remedies, or any partial or single exercise thereof, shall constitute a waiver thereof. No waiver or modification or amendment of this Agreement or any of the said options, powers, rights or remedies shall be binding upon the Creditor unless made in writing and signed by an authorized officer of the Creditor, and any such waiver shall apply only with respect to the specific instance involved, and shall in no way impair the rights of the Creditor or the liability of the Guarantor hereunder in any other respect or at any other time.

Foreign Currency Obligations

9. The liability of the Guarantor in respect of the Obligations shall be to pay all such amounts in the currency in which the Borrower must pay each component of the Obligations (the "**Required Currency**"). If the Guarantor makes payment in respect of any portion of the Obligations in any other currency (the "**Payment Currency**"), such payment shall constitute satisfaction of the said liability of the Guarantor only to the extent that the Creditor is able to purchase such portion of the Obligations in the Required Currency using the amount of the Payment Currency received from the Guarantor on the date of receipt, in accordance with the Creditor's normal practice, and the Guarantor shall remain liable to the Creditor for any deficiency.

Withholding Taxes

10. Except as otherwise required by law, each payment by the Guarantor hereunder shall be made without withholding for or on account of any present or future taxes imposed by or within the jurisdiction in which the Guarantor is domiciled, any jurisdiction from which the Guarantor makes any payment or any other jurisdiction, or (in each case) any political subdivision or taxing authority thereof or therein (other than taxes in respect of the gross or net income, capital gains, assets or capital of the Creditor). If any such withholding is required by law, the Guarantor shall make the withholding, pay the amount withheld to the appropriate Governmental Authority before penalties attach thereto or interest accrues thereon and promptly pay to the Creditor such additional amount as may be necessary to ensure that the net amount actually received by the Creditor (after payment of such taxes including any taxes on such additional amount paid) is equal to the amount which the Creditor would have received if no amounts had been withheld.

Representations and Warranties

11. The Guarantor represents and warrants to the Creditor as follows, and acknowledges that the Creditor is relying upon the said representations and warranties as a basis for extending and maintaining the extension of credit to the Borrower: (i) the Guarantor has the authority and capacity to enter into and perform its obligations hereunder; (ii) the execution and delivery of this Agreement and the performance by the Guarantor of its

obligations hereunder have been duly authorized by all necessary proceedings; (iii) neither the execution and delivery of this Agreement, nor compliance with the terms, provisions and conditions hereof will conflict with, result in a breach of, or constitute a default under its constating documents; and (iv) neither the execution and delivery of this Agreement, nor compliance with the terms, provisions and conditions of this Agreement will conflict with, result in a breach of, or constitute a default under any agreement or instrument to which the Guarantor is a party or by which the Guarantor or any of its property and assets may be bound or affected, and does not require the consent or approval of any other Person (other than consents or approvals which have been obtained).

Revival of Indebtedness and Liability

12. If at any time all or any part of any payment previously applied by the Creditor to any portion of the Obligations is rescinded or returned by the Creditor for any reason whatsoever, whether voluntarily or involuntarily (including, without limitation, as a result of or in connection with the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or any allegation that the Creditor received a payment in the nature of a preference), then to the extent that such payment is rescinded or returned such portion of the Obligations shall be deemed to have continued in existence notwithstanding such initial application, and this Agreement shall continue to be effective or be reinstated, as the case may be, as to such portion of the Obligations as though such payment had not been made.

Postponement of Indebtedness

13. Payment of all present and future obligations of the Borrower to the Guarantor (the "**Postponed Indebtedness**") is hereby postponed to payment of the Obligations. For greater certainty, the Guarantor agrees that it shall not receive any payments of principal, interest or any other amounts in respect of the Postponed Indebtedness until the Obligations have been paid and satisfied in full. If any portion of the Postponed Indebtedness is paid in contravention of this Agreement, the Guarantor agrees to hold such amount in trust for the Creditor and immediately pay such amount to the Creditor. If the Guarantor now or in the future holds any security for the Postponed Indebtedness (the "**Postponed Security**"), the security interests constituted thereby shall be subordinated to all present and future security interests held by the Creditor in respect of the Obligations, notwithstanding the order of execution, delivery, registration or perfection of the said security interests, the order of advancement of funds, the order of crystallization of security, or any other matter which may affect the relative priorities of such security interests; and the Guarantor may not initiate or take any action to enforce the Postponed Security without the prior written consent of the Creditor.

Restrictions on Right of Subrogation

14. The Guarantor agrees not to exercise or enforce any right of subrogation or any similar right available to the Guarantor against the Borrower or any other guarantor of the Obligations, or as to any security therefor, unless and until the Obligations have been paid and satisfied in full and the Creditor has no further obligation to extend credit to the Borrower under the Credit Documents or otherwise. The Guarantor has no right to be subrogated hereunder unless: (i) the Guarantor has paid to the Creditor an amount equal to the Obligations together with all interest, expenses and other amounts due

hereunder; (ii) any other Person having a potential right of subrogation has waived such right and consented to the assignment of the Obligations and any security held by the Creditor to the Guarantor; and (iii) the Creditor has received from the Borrower a release of all claims and demands which the Borrower may have against the Creditor, including any obligation to grant additional credit to the Borrower. Any such assignment of loans and security by the Creditor to the Guarantor shall be on an "as is, where is" basis without representations, warranties or conditions, and without recourse to the Creditor. All documents listed above shall be in form and substance satisfactory to the Creditor, acting reasonably.

Expenses

15. The Guarantor agrees to pay to the Creditor, promptly upon demand, all reasonable expenses (including reasonable legal fees) incurred by the Creditor in connection with the preservation or enforcement of any of its rights and remedies hereunder, together with interest thereon as provided in paragraph 3.

Additional Security

16. This Agreement is in addition to and not in substitution for any guarantees or agreements which may have previously been given to the Creditor by the Guarantor in connection with the Borrower or the Obligations, and is in addition to and without prejudice to any security (including guarantees provided by other Persons) now or hereafter held by the Creditor in respect of the Obligations, and any other rights or remedies which it might have.

Set-Off

17. From and after the date of a Default under the Document, the Creditor may from time to time set-off and apply any liabilities it may have to the Guarantor (including liabilities in respect of any monies deposited with it by the Guarantor) against any and all of the obligations of the Guarantor to the Creditor now or hereafter existing under this Agreement, whether or not any of such obligations may be unliquidated, contingent or unmatured.

Notice

18. Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered to the addressee by courier, by certified registered mail or electronic mail or by other telecommunication device capable of creating a written record of such notice and its receipt to the applicable addressee and to the attention of the officer of the addressee as follows:

- (a) to the Guarantor:

Radicle Medical Marijuana Inc.
90 Beach Road
Hamilton, Ontario
L8P 2J7

Attention: Ziad Reda, Chief Executive Officer

Email: ziadr@radiclecannabis.ca

(b) to the Creditor:

Canopy Rivers Corporation
40 King Street West, Suite 2504
Toronto, Ontario
M5H 3Y2

Attention: Eddie Lucarelli
Email: eddie@canopyrivers.com

Any communication shall be effective (i) if given by mail, five (5) days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid, (ii) if given by electronic mail, one (1) Business Day after such electronic mail is sent, or (iii) if given by any other means, when delivered at the addresses specified in this Section.

Severability

19. If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect and all changes rendered necessary by the context shall be deemed to have been made.

Amalgamation of the Borrower

20. If the Borrower amalgamates with any other corporation or corporations, the Guarantor acknowledges that the Obligations shall include: (i) all obligations of each amalgamating corporation (including the Borrower) to the Creditor and in existence at the time of such amalgamation; and (ii) all obligations of the amalgamated corporation to the Creditor incurred or arising from time to time after such amalgamation. After such amalgamation, all references herein to the "Borrower" shall mean the said amalgamated corporation and all other provisions of this Agreement shall be deemed to have been amended to the extent required by the context in order to reflect such amalgamation.

Further Assurances

21. The Guarantor agrees, at its own expense, to promptly execute and deliver or cause to be executed and delivered to the Creditor upon request from time to time all such other and further documents, agreements, opinions, certificates and instruments as are required under this Agreement or as may be reasonably requested by the Creditor if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein.

Entire Agreement; Conclusive Delivery

22. This Agreement and the other Transaction Documents constitute the entire agreement and understanding between the Guarantor and the Creditor relating to the subject-matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto including, without limitation, the Original Guarantee, and no amendment shall be effective unless made in writing and executed by the Guarantor and the

Creditor. Possession by the Creditor of an executed copy of this Agreement shall constitute conclusive evidence that: (i) this Agreement was executed and delivered by the Guarantor to the Creditor free of all conditions; (ii) there is no agreement or understanding between the Creditor and the Guarantor that this Agreement was delivered in escrow or is not intended to be effective until the occurrence of any event or the satisfaction of any condition; (iii) the Creditor has made no representations, statements or promises to the Guarantor regarding the Borrower, the Creditor's intention to obtain any security in respect of the Obligations or guarantees from other Persons in respect of the Obligations, the circumstances under which the Creditor may enforce this Agreement, the manner in which the Creditor might enforce this Agreement or any other matter which might conflict with the provisions expressly set out herein; and (iv) there are no representations, statements, promises, understandings, warranties, conditions or collateral agreements between the Creditor and the Guarantor relating to the subject-matter of this Agreement, other than as expressly set out herein.

Release of Agreement

23. Upon the full and final payment and performance of the Obligations, the Creditor agrees to execute and deliver all such documents and instruments as may be reasonably required to evidence the termination and release of this Agreement.

Governing Law; Submission to Jurisdiction

24. This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the right of the Creditor to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the Guarantor hereby irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Successors and Assigns

25. This Agreement shall enure to the benefit of the Creditor and its successors and assigns, and shall be binding upon the Guarantor and its successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of a corporation with any other corporation. Without limiting the generality of the foregoing, if the Creditor assigns or transfers all or any portion of the Obligations or any interest therein to any other Person in accordance with the terms and conditions of the Credit Documents, such Person shall thereafter be considered the "Creditor" for all purposes under this Agreement, and the Obligations or portion thereof or interest therein so transferred or assigned shall be and shall remain part of the "Obligations" hereunder.

Execution by Fax or PDF; Execution in Counterparts

26. This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement. This Agreement may be executed by electronic means and any signature contained hereon by electronic means shall be deemed to be equivalent to an original signature for all purposes.

Copy of Agreement

27. The Guarantor hereby acknowledges receipt of a copy of this Agreement.


Amendment and Restatement

28. Immediately upon execution of this Agreement, the Original Guarantee shall be deemed to have been amended, as of the date hereof, to the extent necessary to give effect to this Agreement. It is the intent of the Guarantor and Creditor that this Agreement restates in its entirety the Original Guarantee, as amended hereby.

(The remainder of this page is intentionally blank. Signature page follows.)

IN WITNESS WHEREOF the Guarantor has executed this Agreement as of the date appearing on the first page hereof.

RADICLE MEDICAL MARIJUANA INC.

By: 
Name: Ziad Reda
Title: CEO

AMENDED AND RESTATED GENERAL SECURITY AND PLEDGE AGREEMENT

THIS AGREEMENT executed as of the 2nd day of January, 2020

BY:

RADICLE MEDICAL MARIJUANA INC.

(the "**Debtor**")

IN FAVOUR OF:

CANOPY RIVERS CORPORATION

(the "**Creditor**")

WHEREAS the Debtor entered into a general security and pledge agreement dated as of August 4, 2017 in favour of the Creditor (the "**Original GSA**");

AND WHEREAS the Debtor and Creditor have agreed to make certain amendments to the Original GSA subject to the terms and conditions set out in this agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor hereby agrees as follows:

Definitions and Interpretation

1. In this agreement, all capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Convertible Debenture (as defined below), provided that, in the event that the Convertible Debenture is terminated, surrendered, repaid or otherwise no longer in effect, all capitalized terms used herein as defined in the Convertible Debenture shall have the meanings assigned thereto in the Convertible Debenture as it existed immediately before its termination, surrender or repayment, and the following words shall, unless otherwise provided, have the meanings set out below:

"**Borrower**" means Radicle Cannabis Holdings Inc. and its successors and assigns;

"**Collateral**" means all present and future property, assets and undertaking of the Debtor including the following:

- (a) all present and future equipment of the Debtor, including all of its present and future machinery, fixtures, plant, tools, furniture, books, records, documents, vehicles of any nature, kind or description, and all accessions to any of the

foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating to the foregoing;

- (b) all present and future inventory of the Debtor, including all of its present and future raw materials, materials used or consumed in its business, work-in-progress, finished goods, goods used for packing and goods acquired or held for sale or lease or that have been leased or furnished or that are to be furnished under contracts of rental or service, and all accessions to any of the foregoing, including all spare parts and accessories installed in or affixed or attached to any of the foregoing;
- (c) all present and future Cannabis of the Debtor;
- (d) all present and future intangibles of the Debtor, including all of its present and future accounts and other amounts receivable, book debts, goodwill, Intellectual Property and choses in action of every nature and kind;
- (e) all present and future documents of title, chattel paper, instruments, money and securities of the Debtor;
- (f) all present and future Investment Assets of the Debtor including, without limitation, those set out on Schedule "A" attached hereto;
- (g) all substitutions or exchanges from time to time in respect of any of the foregoing Investment Assets;
- (h) all dividends, distributions and other income (whether in the form of Money, Investment Assets or any other property) derived from or in respect of any of the foregoing Investment Assets or payable in connection therewith and all monies and property received or receivable in the nature of the return or repayment of capital in respect thereof;
- (i) all other present and future real property, personal property, assets, and undertaking of the Debtor of any nature or kind, including all real property, personal property, assets and undertaking at any time owned, leased or licensed by the Debtor or in which the Debtor at any time has any right or interest or to which the Debtor is or may at any time become entitled; and
- (j) all proceeds derived directly or indirectly from any dealing with any of the foregoing, including insurance proceeds and any other payment representing indemnity or compensation for loss of or damage thereto;

"Collateral Access Agreement" means any landlord waiver or other agreement, in form and substance reasonably satisfactory to the Creditor, between the Creditor and any

third party (including any bailee, consignee, customs broker, or other similar Person) in possession of any Collateral or any landlord of the Debtor for any real property where any Collateral is located, as such landlord waiver or other agreement may be amended, restated, or otherwise modified from time to time;

“Contractual Right” means any agreement, right, franchise, licence, authorization, approval, equipment lease or sublease, privilege or permit (a) to which the Debtor is now or hereafter becomes a party, (b) in which the Debtor now or hereafter has any interest or (c) of which the Debtor is or hereafter becomes a beneficiary;

“Convertible Debenture” means the convertible debenture dated as of the date hereof between the Borrower, as borrower, and the Creditor, as creditor, as such agreement may be amended, supplemented, restated, replaced or otherwise modified from time to time;

“Documents” means the Royalty Agreement, the Guarantee and the other Transaction Documents;

“Guarantee” means the amended and restated guarantee dated as of the date hereof granted by the Debtor to the Creditor in respect of the present and future indebtedness, liabilities and obligations of the Borrower to the Creditor, including pursuant to or in respect of the Convertible Debenture, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;

“Intellectual Property” means all patents, trade-marks, trade names, business names, trade styles, logos and other business identifiers, copyrights, technology, inventions, industrial designs, know-how, trade secrets and other industrial and intellectual property in which the Debtor or any of its subsidiaries now or in the future has any right, title or interest;

“Investment Assets” means all present and future Investment Property (as such term is defined in the PPSA) and Financial Assets (as such term is defined in the STA) held by the Debtor, including all present and future options and warrants held by the Debtor and all other rights and entitlements arising therefrom or related thereto, and the Debtor present and future interests in partnerships, limited partnerships, limited liability partnerships and limited liability companies, all substitutions for any of the foregoing and all dividends and income derived therefrom or payable in connection therewith;

“Issuer” means an issuer as defined in the STA;

“Money” means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency;

“Obligations” means all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured, joint or several, of the Debtor to the Creditor, including all such indebtedness, liabilities and obligations pursuant to or in respect of each of the Documents;

“PPSA” means the *Personal Property Security Act* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto, provided that, if perfection or the effect of perfection or non-perfection or the priority of any Encumbrance created hereunder or in relation to any other Document on the Collateral is governed by the personal property security legislation or other applicable legislation with respect to personal property security in effect in a province or other jurisdiction other than Ontario, “PPSA” means the *Personal Property Security Act* or such other applicable legislation in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority;

“Proceeds” means identifiable or traceable personal or real property in any form derived directly or indirectly from any dealing with any of the Collateral or the proceeds therefrom;

“Receiver” means a receiver, receiver-manager and receiver and manager;

“Royalty Agreement” means the royalty agreement dated as of August 4, 2017 between the Debtor and the Creditor, as it may be amended, supplemented, otherwise modified, restated or replaced from time to time;

“Security Interest” means the pledges, assignments, mortgages, charges and hypothecations of, and the security interests in, the Collateral created hereunder in favour of the Creditor; and

“STA” means the *Securities Transfer Act, 2006* (Ontario), as amended from time to time and any legislation substituted therefor and any amendments thereto.

2. References such as “this agreement”, “hereof”, “herein”, “hereto” and like references refer to this agreement and any schedules, exhibits or appendices attached hereto (all of which schedules, exhibits and appendices form a part of this agreement) and not to any particular section, subsection, paragraph or other subdivision of this agreement.
3. The division of this agreement into sections, subsections and paragraphs and the insertion of headings in this agreement are for convenience of reference only and shall not affect the construction or interpretation of this agreement.
4. Terms used herein which are defined in the PPSA or the STA, as applicable, shall have the same meanings herein as are ascribed to such terms in the PPSA or the STA, as applicable, unless such terms are otherwise defined.

5. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used. The term "successors" shall include, without limiting its meaning, any entity resulting from the amalgamation of an entity with another entity. Where the context so requires, words used herein (including defined terms) importing the singular shall include the plural and vice versa and words used herein (including defined terms) importing gender shall include all genders (including the neuter).
6. Nothing herein (including the use of the term Permitted Encumbrances) is intended or shall be deemed to subordinate the Security Interest to any Permitted Encumbrance or any other Encumbrance affecting all or any portion of the Collateral.
7. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, such provision or provisions shall be severed from this agreement only to the extent necessary, and the validity, legality and enforceability of the remaining provisions hereof, including the provision or provisions remaining after such severance, shall not in any way be affected or impaired thereby.
8. In the event that any day, on or before which any action is required to be taken hereunder, is not a Business Day, then such action shall be required to be taken on or before the first Business Day thereafter.
9. If any provision in this agreement refers to any action taken or to be taken by the Debtor, or which the Debtor is prohibited from taking, such provision will be interpreted to include any and all means, direct or indirect, of taking, or not taking, such action. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation" and the use of the term "includes" shall mean "includes, without limitation".
10. This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Grant of Security Interest

11. As continuing security for the payment and performance of the Obligations, the Debtor hereby pledges, assigns, mortgages, charges and hypothecates to the Creditor, and grants to the Creditor, a security interest in the Collateral.

Limited Exceptions to Grant of Security Interest

12. Despite any other provision of this agreement, the last day of any term reserved by any lease of real property, oral or written, or any agreement therefor, now held or hereafter

acquired by the Debtor, and whether falling within the general or particular description of the Collateral, is hereby and shall be excepted out of the Security Interest, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term, for the time being demised, as aforesaid, upon trust to assign and dispose of the same as any purchaser of such term shall direct.

13. Despite any other provision of this agreement, the Security Interest shall not attach to any Contractual Right to the extent that the granting of the Security Interest therein would constitute a breach of, or permit any Person to terminate such Contractual Right, but the Debtor shall hold its interest in each such Contractual Right in trust for the Creditor, and shall, after the Security Interest shall have become enforceable and at the Creditor's written request, specifically assign each such Contractual Right to the Creditor, or as the Creditor may otherwise direct. The Debtor agrees that it shall, upon the request of the Creditor, whether before or after the Security Interest has become enforceable, use all commercially reasonable efforts to obtain any consent required to permit any such Contractual Right to be subjected to the Security Interest, and the Security Interest shall attach to such Contractual Right following the receipt of such consent.
14. Despite any other provision of this agreement, the interests granted to the Creditor pursuant to this agreement in the Debtor's existing and after acquired trademarks shall be limited to the Creditor's security interests therein.

Attachment

15. The Debtor confirms and agrees that:
 - (a) value has been given by the Creditor to the Debtor;
 - (b) the Debtor has rights in all existing Collateral and power to transfer rights in the Collateral to the Creditor; and
 - (c) the Debtor and the Creditor have not postponed the time for attachment of the Security Interest and the Security Interest shall attach to existing Collateral upon the execution of this agreement and shall attach to Collateral in which the Debtor hereafter acquires rights at the time that the Debtor acquires rights in such Collateral.

Provisions with respect to Investment Assets

16. Whenever any Investment Asset is a certificated security, an uncertificated security or a security entitlement, the Debtor shall, or shall cause the issuer of such Investment Assets to, or shall cause the securities intermediary that holds such Investment Assets to, take all steps as are necessary to give exclusive control (within the meaning of the

STA) over such Investment Assets to the Creditor in a manner satisfactory to the Creditor.

17. All certificates representing Investment Assets may remain registered in the name of the Debtor, but the Debtor shall, promptly at the request of the Creditor, duly endorse such certificates in blank for transfer or execute stock powers of attorney in respect thereof and deliver such certificates or powers of attorney to the Creditor; in either case with signatures guaranteed and with all documentation being in form and substance satisfactory to the Creditor. After the Security Interest shall have become enforceable and at the Creditor's written request:
 - (a) the Debtor shall promptly cause the Investment Assets to be registered in the name of the Creditor or its nominee, and the Creditor is hereby appointed the irrevocable attorney (coupled with an interest) of the Debtor with full power of substitution to cause any or all of the Investment Assets to be registered in the name of the Creditor or its nominee;
 - (b) the Debtor shall promptly cause each securities intermediary that holds any Investment Asset that is a security entitlement to record the Creditor as the entitlement holder of such Investment Asset; and
 - (c) the Debtor shall promptly:
 - (i) cause a security certificate to be issued for any Investment Asset that is in the form of an uncertificated security or a security entitlement;
 - (ii) endorse such security certificate in blank;
 - (iii) deliver such security certificate to the Creditor; and
 - (iv) take all other steps necessary to give exclusive control over such certificated security to the Creditor,in a manner satisfactory to the Creditor.
18. Until further notice is given by the Creditor to the Debtor terminating such rights of the Debtor, the Debtor shall be entitled to exercise all voting rights attached to the Investment Assets and give consents, waivers and ratifications in respect thereof; provided that no vote shall be cast or consent, waiver or ratification given or action taken which would be prejudicial to the interests of the Creditor or which would have the effect of reducing the value of the Investment Assets as security for the Obligations, or imposing any restriction on the transferability of any of the Investment Assets. All such rights of the Debtor to vote and give consents, waivers and ratifications shall cease immediately upon receipt by the Debtor of such notice by the Creditor.

19. All dividends, distributions, interest and other income in respect of Investment Assets and all proceeds received by the Debtor in respect of Investment Assets may be received by the Debtor in the ordinary course and distributed in the ordinary course to the Debtor's shareholder(s) until further notice by the Creditor. Upon receipt by the Debtor of such notice, the Debtor shall not be entitled to retain or distribute to its shareholder(s) any such dividends, distributions, interest or other income or proceeds and, if any such amounts are received by the Debtor after the Debtor receives such notice by the Creditor, the Debtor shall hold such amounts in trust, as trustee for the Creditor, and the Debtor shall forthwith pay such amounts to the Creditor, to be applied to reduce the Obligations or, at the option of the Creditor, to be held as additional security for the Obligations.
20. The responsibility of the Creditor in respect of any Investment Assets held by the Creditor shall be limited to exercising the same degree of care which the Creditor gives valuable property of the Creditor at the Creditor's office where such Investment Assets are held. The Creditor shall not be bound under any circumstances to realize on any Investment Assets or allow any Investment Assets to be sold, or exercise any option or right attaching thereto, or be responsible for any loss occasioned by any sale of Investment Assets or by the retention or other refusal to sell the same; nor shall the Creditor be obliged to collect or see to the payment of interest or dividends thereon but, subject to section 19, all such interest and dividends, if and when received by the Debtor, shall be held by the Debtor in trust for the Creditor, and shall be forthwith paid to the Creditor.

Representations and Warranties of the Debtor

21. The Debtor hereby represents and warrants to the Creditor that:
 - (a) the Debtor has the capacity and authority to incur the Obligations, to create the Security Interest and to execute and deliver and perform its obligations under this agreement;
 - (b) the execution and delivery of this agreement and the performance by the Debtor of its obligations hereunder have been duly authorized by all necessary proceedings;
 - (c) this agreement constitutes a legal, valid and binding obligation of the Debtor, enforceable against the Debtor in accordance with its terms subject only to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting creditors' rights and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies;

- (d) except for the Security Interest and any Permitted Encumbrances, the Collateral is owned by the Debtor free from any mortgage, charge, lien, pledge, security interest or other encumbrance or claim whatsoever;
- (e) Schedule "A" attached hereto includes a complete list of all Investment Assets including all securities, securities accounts and securities entitlements in which the Debtor has rights;
- (f) the chief executive office and registered office of the Debtor are located at the address(es) listed in Part I of Schedule "B" of this agreement;
- (g) the Debtor does not keep tangible Collateral at any location(s) except:
 - (i) the location listed in Part I of Schedule "B" hereto, and
 - (ii) any location(s) listed in Part II of Schedule "B" hereto,other than such tangible Collateral in transit to or from such locations;
- (h) all Contractual Rights relating to or affecting the Intellectual Property are in good standing;
- (i) the Debtor owns directly, or is entitled to use by Contractual Right or otherwise, all of the Intellectual Property;
- (j) no litigation is pending or threatened which contains allegations respecting the validity, enforceability, infringement or ownership of any of the Intellectual Property, including any right, title or interest of the Debtor in the Intellectual Property; and
- (k) the Debtor has made all necessary filings, registrations and recordations to protect all of its right, title and interest in that Intellectual Property which is material to the conduct of the Debtor's business including all relevant renewals; and all such filings, registrations and recordations have been duly and properly made and are in full force and effect and are not subject to dispute by any governmental authority or agency.

Covenants of the Debtor

22. The Debtor agrees with the Creditor that, until the Obligations have been satisfied and paid in full:
- (a) it will:
 - (i) make and maintain all filings, registrations and recordations necessary or desirable to protect its right, title and interest in the Collateral, including all

filings, registrations and recordations necessary or desirable in respect of patents, trademarks, copyrights and industrial designs included in the Intellectual Property;

- (ii) defend the Collateral against any actions, claims and demands of any Person (other than the Creditor) claiming the Collateral (or any of it) or an interest therein, including without limitation, the duty to prosecute and/or defend against any and all suits concerning validity, infringement, enforceability, ownership or other aspects affecting any of the Intellectual Property (any expenses incurred in protecting, preserving and maintaining any of the Intellectual Property shall be borne by the Debtor);
- (iii) hold the proceeds received from any direct or indirect dealing with the Collateral in trust for the Creditor after either the Security Interest becomes enforceable or any of the Collateral is sold other than as permitted pursuant to any of the Documents;
- (iv) permit the Creditor at any time and from time to time, both before and after the Security Interest shall have become enforceable, to require any account debtor of the Debtor to make payment to the Creditor of any or all amounts owing by the account debtor to the Debtor and the Creditor may take control of any proceeds referred to herein and may hold all amounts received from any account debtor and any proceeds as cash collateral as part of the Collateral and as security for the Obligations;
- (v) prevent any Collateral from becoming an accession to any personal property not subject to the Security Interest, or becoming affixed to any real property;
- (vi) deliver to the Creditor, at the Creditor's request, duly endorsed and/or accompanied by such assignments, transfers, powers of attorney or other documents as the Creditor may request, all items of the Collateral comprising chattel paper, instruments, Investment Assets and documents of title;
- (vii) without limiting the generality of any of the forgoing, perform all covenants required of the Debtor under any Contractual Right relating to or affecting the Intellectual Property (or any of it), including promptly paying all required fees, royalties and taxes, to maintain each and every item of Intellectual Property in full force and effect, and vigorously protect, preserve and maintain all of the value of, and all of the right, title and interest of the Debtor in, all Intellectual Property, by way of the prosecution of or defence against suits concerning the validity,

- infringement, enforceability or ownership of the Intellectual Property (or any of it) or otherwise;
- (viii) upon the reasonable request of the Creditor, use commercially reasonable efforts to obtain a Collateral Access Agreement necessary in connection with the Security Interest, with respect to any location leased by the Debtor or any public warehouse used by the Debtor; and
 - (ix) at all times, both before and after the occurrence of a default, do or cause to be done such further and additional acts and things and execute and deliver or cause to be executed and delivered all such further and additional documents and agreements as the Creditor may reasonably require to better pledge, assign, mortgage, charge and hypothecate the Collateral in favour of the Creditor, to perfect the Security Interest and, without limiting the generality of the foregoing, to accomplish the intentions of this agreement; and
- (b) it will not, and ensure that its subsidiaries will not, without (A) 30 days' prior written notice to the Creditor, and (B) receipt of the Creditor's written acknowledgement that any reasonable action requested by the Creditor in connection therewith (including to continue the perfection of any Encumbrance in favour of the Creditor in any Collateral) has been completed or taken:
- (i) change its corporate name;
 - (ii) change the location of its chief executive office or registered office from that set out in Part I of Schedule "B" hereto;
 - (iii) hold or store tangible Collateral at any location other than the location(s) listed in Parts I and II of Schedule "B" hereto; or
 - (iv) otherwise change its principal place of business, corporate offices, and/or the location of its records concerning the Collateral.

Default

23. The Obligations shall, at the option of the Creditor, become payable and the Security Interest shall become enforceable upon the occurrence of a default or an event of default under any of the Documents.

Remedies of the Creditor

24. Whenever the Security Interest shall have become enforceable, and so long as it shall remain enforceable, the Creditor may proceed to realize the Security Interest and the Collateral and to enforce the Creditor's rights by doing any one or more of the following:

- (a) entering upon the Collateral and any lands and premises where any Collateral is or may be located;
- (b) taking possession of Collateral by any method permitted by law;
- (c) occupying any lands and premises owned or occupied by the Debtor and using all or any part of such lands and premises and the equipment and other Collateral located thereon;
- (d) leasing, selling, licensing or otherwise disposing of the whole or any part or parts of the Collateral;
- (e) collecting, selling or otherwise dealing with any accounts or other amounts receivable of the Debtor, including notifying any person obligated to the Debtor in respect of an account, chattel paper or instrument to make payment to the Creditor of all present and future amounts due thereon;
- (f) taking steps and expending such monies as it considers necessary or desirable in its sole discretion to maintain, preserve and protect the Collateral, including making payments on account of other security interests affecting the Collateral; provided that the Creditor shall have no obligation to take any such actions or make any such expenditures; but any such amounts paid by the Creditor shall be added to the Obligations and shall be secured by the Security Interest;
- (g) collecting any rents, income, and profits received in connection with the business of the Debtor or the Collateral, without carrying on such business;
- (h) exercising all voting rights attached to any Collateral constituting Investment Assets (whether or not registered in the name of the Creditor or its nominee) and giving or withholding all consents, waivers and ratifications in respect thereof and otherwise acting with respect thereto as though it were the absolute owner thereof;
- (i) exercising any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any Collateral constituting Investment Assets as if it were the absolute owner thereof including the right to exchange at its sole discretion any and all of such Investment Assets upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any such Investment Assets, and in connection therewith, to deposit and deliver any such Investment Assets with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine in its sole discretion, all without liability except to account for property actually received by it;

- (j) complying with any limitation or restriction in connection with any proposed sale or other disposition of Collateral constituting Investment Assets as may be necessary in order to comply with applicable law or regulation or any policy imposed by any stock exchange, securities commission or other governmental or regulatory authority or official, and the Debtor agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, and the Creditor shall not be liable or accountable to the Debtor for any discount in the sale price of any such Investment Assets which may be given by reason of the fact that such Investment Assets are sold in compliance with any such limitation or restriction;
 - (k) carrying on the business of the Debtor or any portion thereof;
 - (l) exercising any and all of the rights and remedies granted pursuant to the PPSA and any other applicable legislation, or otherwise available at law or in equity;
 - (m) demanding, commencing, continuing or defending any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and giving valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the accounts or other amounts receivable of the Debtor or any other obligation of any third party to the Debtor;
 - (n) borrowing money for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of the Debtor, and charge and grant further security interests in the Collateral in priority to the Security Interest or otherwise, as security for the money so borrowed;
 - (o) accepting the Collateral in satisfaction of the Obligations;
 - (p) appointing by instrument in writing a Receiver or Receivers of the Collateral or any part thereof;
 - (q) bringing proceedings in any court of competent jurisdiction for the appointment of a Receiver or Receivers or for the sale of the Collateral or any part thereof; and
 - (r) filing such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relating to the Debtor or the Collateral.
25. Any Receiver appointed by the Creditor may be any person or persons (including one or more officers or employees of the Creditor), and the Creditor may remove any Receiver so appointed and appoint another or others instead. Any such Receiver may exercise any and all of the rights, remedies and powers of the Creditor provided in this agreement. The Creditor shall not be responsible for the actions, errors or omissions of

any Receiver it appoints and any such Receiver shall be deemed to act as agent for the Debtor for all purposes, including the occupation of any lands and premises of the Debtor and in carrying on the Debtor's business, unless the Creditor expressly specifies in writing that the Receiver shall be the agent for the Creditor for one or more purposes. Without limiting the generality of the forgoing, for the purposes of realizing upon the Security Interest, any Receiver may sell, lease, or otherwise dispose of Collateral as agent for the Debtor or as agent for the Creditor as the Creditor may specify in writing in its sole discretion. The Debtor agrees to ratify and confirm all actions of any Receiver appointed by the Creditor as agent for the Debtor, and to release and indemnify the Receiver in respect of all such actions.

26. Without limiting the ability of the Creditor or any Receiver to dispose of Collateral in any other manner, the Debtor agrees that any sale, lease or other disposition of the Collateral hereunder may be completed by public auction, public tender or private contract, with or without notice, with or without advertising and with or without any other formality (except as required by law), all of which are hereby waived by the Debtor. Any such disposition of Collateral may involve all or part of the Collateral and may be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as the Creditor or any Receiver appointed by the Creditor may, in its sole discretion, deem advantageous and may take place whether or not the Creditor or any such Receiver has taken possession of such Collateral. Any purchaser or lessee of Collateral may be a customer of the Creditor.
27. The Creditor shall not be liable for any delay or failure to enforce any rights, powers or remedies available to it or to institute any proceedings for such purposes.
28. No right, power or remedy of the Creditor (whether granted herein or otherwise) shall be exclusive of or dependent on or merge in any other right, power or remedy, but all such rights, powers and remedies may from time to time be exercised independently or in combination.
29. The Debtor agrees to pay to the Creditor, forthwith on demand by the Creditor, all costs and expenses incurred by the Creditor in connection with the exercise by the Creditor of its rights, powers and remedies hereunder, including:
 - (a) any costs and expenses incurred by the Creditor in taking, holding, moving, storing, recovering, possessing, repairing, processing, preparing for disposition or disposing of Collateral;
 - (b) any legal fees and expenses incurred by the Creditor in enforcing its rights, powers and remedies, including those incurred in connection with any proceedings taken for the purpose of enforcing their rights, powers and remedies hereunder or otherwise relating to the non-payment or non-performance of any Obligations;

- (c) the cost of borrowing amounts as hereinbefore provided (for the purpose of carrying on the Debtor's business or otherwise), including, the principal amount or any such amount borrowed, all interest thereon and fees relating thereto; and
- (d) all costs and expenses of or incurred by any Receiver, agent or consultant appointed by the Creditor (including any legal fees and expenses incurred by any such Receiver, agent or consultant).

All such sums shall bear interest at the highest rate applicable to the Obligations, shall form part of the Obligations and shall be secured by the Security Interest.

- 30. Any and all payments made in respect of the Obligations from time to time and moneys realized from any Collateral (including moneys realized on any enforcement of this agreement) may be applied to such part or parts of the Obligations as the Creditor may see fit, and the Creditor shall at all times and from time to time have the right to change any appropriation as the Creditor may see fit.
- 31. The Debtor shall remain liable for all Obligations that are outstanding following realization of all or any part of the Collateral.

Rights of the Creditor

- 32. The Creditor may pay the whole or any part of any liens, taxes, rates, charges or encumbrances now or hereafter existing in respect of any Collateral and such payments together with all costs, charges and expenses which may be incurred in connection with making such payments shall form part of the Obligations, shall bear interest at the highest rate applicable to the Obligations, and shall be secured by the Security Interest. Whenever the Creditor pays any such lien, tax, rate, charge or encumbrance, it shall be entitled to all the equities and securities of the Person or Persons so paid and is hereby authorized to obtain any discharge thereof and hold such discharge without registration for so long as it may deem advisable to do so.
- 33. If the Debtor fails to perform or comply with any covenant or other obligation of the Debtor under this agreement, the Creditor may, but need not, perform or otherwise cause the performance or compliance of such covenant or other obligation, provided that any performance or compliance undertaken by the Creditor will not constitute a waiver, remedy or satisfaction of such failure. The costs and expenses of the Creditor incurred in connection with any such performance or compliance shall be payable by the Debtor to the Creditor on demand, form part of the Obligations, bear interest at the highest rate applicable to the Obligations and be secured by the Security Interest.
- 34. The Debtor grants to the Creditor the right to set off against the Obligations (or any portion thereof) any amount owed by the Creditor to the Debtor, including the amount of any and all accounts, credits or balances maintained by the Debtor with the Creditor.

35. The Creditor, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Debtor and all other Persons and securities as the Creditor may see fit.
36. Nothing herein shall obligate the Creditor to extend or amend any credit to the Debtor or to any other Person.
37. The Creditor may assign, transfer and deliver to any transferee any of the Obligations or any security or any documents or instruments held by the Creditor in respect thereof. The Debtor shall not assign any of its rights or obligations hereunder without the prior written consent of the Creditor.

Amalgamation of Debtor

38. If the Debtor amalgamates with any other entity or entities, this agreement shall continue in full force and effect and shall be binding on the amalgamated entity and, for greater certainty:
 - (a) the Security Interest shall:
 - (i) continue to secure payment of all obligations of the Debtor to the Creditor (or any one or more of them) pursuant to or in respect of any of the Documents;
 - (ii) secure payment of all obligations of each other amalgamating entity to the Creditor pursuant to or in respect of any of the Documents; and
 - (iii) secure payment of all obligations of the amalgamated entity to the Creditor pursuant to or in respect of any of the Documents arising on or after the amalgamation,and the term "Obligations" shall include all such obligations under any of the Documents, the other merging, consolidating or amalgamating entities and the amalgamated entity to the Creditor;
 - (b) the Security Interest shall:
 - (i) continue to charge all property and assets of the Debtor;
 - (ii) charge all property and assets of each other amalgamating entity; and

- (iii) charge all property and assets of the amalgamated entity in existence at the time of the amalgamation and all property and assets acquired by the amalgamated entity after the amalgamation,

and the term "Collateral" shall include all such property and assets of the Debtor, the other amalgamating entities and the amalgamated entity;

- (c) all defined terms and other provisions of this agreement shall be deemed to have been amended to reflect such amalgamation, to the extent required by the context; and
- (d) the parties agree to execute and deliver all such further documents and assurances as may be necessary or desirable in connection with the foregoing.

Notices

- 39. Any notice, demand, consent, approval or other communication to be made or given under or in connection with this agreement shall be in writing and may be made or given and shall be deemed received in the manner provided for in the Documents.

Paramountcy

- 40. In the event of any conflict between the terms of this agreement and the terms of the Royalty Agreement, the provisions of the Royalty Agreement shall govern to the extent necessary to remove the conflict. In the event of any conflict between the terms of this agreement and the terms of any other Document (other than the Royalty Agreement), the provisions of this agreement shall govern to the extent necessary to remove the conflict.

Miscellaneous


- 41. Time shall be of the essence of this agreement.
- 42. Upon payment and fulfillment by the Debtor, its successors or permitted assigns, of all Obligations and provided that the Creditor is then under no obligation (conditional or otherwise) to make any further loan or extend any other type of credit to the Borrower or to any other Person, the payment of which is secured, directly or indirectly, by this agreement, the Creditor shall, upon request in writing by the Debtor and at the Debtor's expense, discharge this agreement.
- 43. This agreement is in addition to and not in substitution for any other security now or hereafter held by the Creditor, and shall be general and continuing security notwithstanding that the Obligations shall be at any time or from time to time fully satisfied or paid.

44. The Creditor may in writing (and not otherwise) waive any default by the Debtor in the observance or performance of any provision of this agreement; provided that no waiver by the Creditor shall extend to or be taken in any manner whatsoever to affect any subsequent default, whether of the same or a different nature, or the rights resulting therefrom.
45. This agreement shall enure to the benefit of the Creditor and its successors and assigns, and shall be binding on the Debtor, its successors and permitted assigns.
46. The Debtor agrees that the Creditor may from time to time provide information concerning this agreement (including a copy hereof), the Collateral and the Obligations to any Person the Creditor in good faith believes is entitled thereto pursuant to applicable legislation.
47. This agreement may be executed in any number of counterparts, all of which when taken together shall constitute one agreement. Any signatory hereto may deliver an executed copy of this agreement by facsimile or electronic mail to the addressee hereto provided that in such event that party shall promptly deliver to the addressee hereto an originally executed copy of this agreement.
48. The Debtor acknowledges receipt of an executed copy of this agreement and waives all rights to receive from the Creditor a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this agreement.
49. Immediately upon execution of this agreement, the Original GSA shall be deemed to have been amended, as of the date hereof, to the extent necessary to give effect to this agreement. It is the intent of the Debtor and Creditor that this agreement restates in its entirety the Original GSA as amended hereby.
50. This agreement and the other Documents constitute the entire agreement among the Debtor and Creditor with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto including, without limitation, the Original GSA.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF this agreement has been executed by the undersigned as of the first date written above.

RADICLE MEDICAL MARIJUANA INC.

By: 
Name: Ziad Reda
Title: CEO

SCHEDULE "A"**INVESTMENT ASSETS**

Registered Owner	Issuer	Certificate Number	Description of Interest	% of Outstanding Interests
N/A	N/A	N/A	N/A	N/A

SCHEDULE "B"**Part I****Location of the Debtor's Chief Executive Office and Registered Office**

1. 90 Beach Road, Hamilton, Ontario, L8L 3Z9
2. 19 Thoroughbred Boulevard, Ancaster, Ontario, L9K 1 L2

Part II**Other Location(s) of the Debtor's Tangible Collateral**

None.

This is Exhibit “L” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

PARI PASSU AGREEMENT

THIS PARI PASSU AGREEMENT is made as of the 2nd day of January, 2020 among Wolverine Partners Corp. ("**Wolverine**"), Radicle Cannabis Holdings Inc. ("**Holdings**") and Radicle Medical Marijuana Inc. ("**Radicle**") (collectively, the "**Debtors**" and each of them a "**Debtor**") and Canopy Rivers Corporation ("**Canopy**").

WHEREAS pursuant to a convertible debenture dated as of the date hereof (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Canopy Convertible Debenture**") between Holdings and Canopy, Canopy has agreed to advance funds to Holdings;

AND WHEREAS pursuant to a convertible debenture dated as of November 22, 2019 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Wolverine Convertible Debenture**") between Holdings and Wolverine, Holdings is indebted to Wolverine;

AND WHEREAS the Creditors have agreed that the Wolverine Debt and Canopy Debt, including the enforcement of the Wolverine Security and Canopy Security, shall rank *pari passu*, without priority or preference, on the terms and conditions set out herein.

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

1. **Defined Terms:** Terms used but not defined elsewhere in this Agreement (including the recitals hereto) shall have the following meanings:

(a) "**Business Day**" means a day in which banks are generally open for business in Toronto, Ontario;

(b) "**Canopy**" has the meaning assigned thereto in the preamble of this Agreement;

(c) "**Canopy Convertible Debenture**" has the meaning assigned thereto in the recitals;

(d) "**Canopy Debt**" means all indebtedness, liabilities and obligations, of any nature or kind, present or future, direct or indirect, absolute or contingent, whether as primary debtor, surety or guarantor, matured or not and at any time owing by the Debtors to Canopy arising only from or pursuant to the Canopy Convertible Debenture, the Canopy Guarantee and any security documents delivered in connection therewith;

(e) "**Canopy Guarantee**" means the unlimited guarantee granted by Radicle to Canopy guaranteeing, among other things, the obligations of Holdings to Canopy and any other guarantee or indemnity granted to Canopy in respect of the Canopy Debt;

(f) "**Canopy Security**" means all liens, charges, pledges, security interests and other security agreements of any nature or kind, now or hereafter granted to Canopy through assignment or otherwise which secures payment of the Canopy Debt; for certainty, (i) the parties hereto acknowledge and agree that the Debtors have granted security to Canopy which secures both the Canopy Debt and the Senior Debt (as such term is defined in the

Subordination and Postponement Agreement), and (ii) all such liens, charges, pledges, security interest and other security agreements as they relate to or secure the Senior Debt only shall be deemed to be excluded from "Canopy Security";

(g) "**Creditors**" means Wolverine and Canopy;

(h) "**Holdings**" has the meaning assigned thereto in the preamble;

(i) "**Person**" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, provincial, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof);

(j) "**Radicle**" has the meaning assigned thereto in the preamble;

(k) "**Subordination and Postponement Agreement**" means the subordination and postponement agreement dated as of the date hereof among, Canopy, as Senior Creditor (as defined therein), Canopy, as a Subordinate Creditor (as defined therein) and Wolverine, as a Subordinate Creditor (as defined therein);

(l) "**Wolverine**" has the meaning assigned thereto in the preamble of this Agreement;

(m) "**Wolverine Convertible Debenture**" has the meaning assigned thereto in the recitals;

(n) "**Wolverine Debt**" means all indebtedness, liabilities and obligations, of any nature or kind, present or future, direct or indirect, absolute or contingent, whether as primary debtor or surety, matured or not and at any time owing by the Debtors or either of them to Wolverine arising only from or pursuant to the Wolverine Convertible Debenture, the Wolverine Guarantee and the other documents delivered in connection therewith;

(o) "**Wolverine Guarantee**" means the unlimited guarantee granted by Radicle to Wolverine guaranteeing, among other things, the obligations of Holdings to Wolverine and any other guarantee or indemnity granted to Wolverine in respect of the Wolverine Debt; and

(p) "**Wolverine Security**" means all liens, charges, pledges, security interests and other security agreements of any nature or kind, now or hereafter granted to Wolverine through assignment or otherwise which secures payment of the Wolverine Debt.

2. **Pari Passu:**

(a) Each of the Creditors agree that the Wolverine Debt, including the enforcement of the Wolverine Security, shall rank *pari passu*, without priority or preference, and equal in all respects, with the Canopy Debt, including the enforcement of the Canopy Security, on the terms and conditions set out in this Agreement.

(b) Each of the Creditors covenant and agree that the priority of the Wolverine Security and Canopy Security shall be equal, notwithstanding:

- (i) the dates of execution, attachment, delivery, registration or perfection of the Wolverine Security and the Canopy Security;
- (ii) the dates of advance or re-advance of monies secured by the Wolverine Security or the Canopy Security;
- (iii) the time at which notice is given to any of the debtors of the Debtor of the Wolverine Security and the Canopy Security or any enforcement thereof by Wolverine or Canopy, as the case may be;
- (iv) the date of default of the Debtor under either the Wolverine Security or the Canopy Security;
- (v) that, at the time of realization on either the Wolverine Security or the Canopy Security, the Debtor is not in default of any other such security;
- (vi) the timing of crystallization of the floating charges granted under the Wolverine Security or the Canopy Security (if any) or any other act or proceedings taken to enforce either of the Wolverine Security or the Canopy Security; and
- (vii) any priority granted by any principle of law or equity or any statute, regulation or bylaw.

(c) Payments received from the Debtors with respect to either the Wolverine Debt or the Canopy Debt prior to an event of default may be used and applied by the respective Creditor in accordance with the terms of the Wolverine Convertible Debenture or Canopy Convertible Debenture, as applicable.

3. **On Default:** In the event of default of any obligation owed by the Debtors in relation to either the Wolverine Debt or Canopy Debt to any one or both of Wolverine or Canopy, each of the Creditors grants and assigns to the other any and all rights of enforcement over the Wolverine Security or the Canopy Security, as applicable. Subject to Section 14, the Creditors may, upon default of the Debtors, each enforce against the Debtors up to the total aggregate value of the Debtors' default against the Creditors.

4. **Appointment of Receiver:**

(a) If payment in full of the Wolverine Debt and the Canopy Debt or either of them is demanded and either Creditor desires to appoint a receiver or receiver-manager (hereinafter called the "**Receiver**"), the party desiring to appoint the Receiver shall attempt to consult the other by telephone or email, but shall not be barred from appointing a Receiver by the failure to contact the other, or by the failure to agree on the appointment of a Receiver provided always that the Receiver will be a licensed trustee in bankruptcy. Following the appointment of a Receiver by Wolverine or Canopy, the party making the appointment shall give written notice thereof to the other.

(b) If any matter arises which requires a direction to be given to the Receiver or approval of any step taken or any act to be done in and about the management of the receivership then the matter shall be decided jointly by the Creditors. If the Creditors are unable to agree on the direction to be given then a trustee licensed under the *Bankruptcy and*

Insolvency Act of Canada independent of the Receiver and selected by the Receiver shall decide on the direction to be given.

5. **Application of Proceeds:** In the event of enforcement of the Wolverine Security or the Canopy Security, all monies received by the Receiver or the Creditors arising from the sale or other disposition of the Debtors' property, except pursuant to the terms of repayment contained in the Wolverine Security or the Canopy Security prior to either party issuing demand shall be applied and paid as follows:

(a) firstly, in payment of all costs, charges and expenses of and incidental to and that may be properly deducted in connection with such realization procedures as may be taken; and

(b) secondly, in payment of the principal sums, interest and arrears of interest and other monies owing under the Wolverine Debt or Canopy Debt, pro rata to each of the Creditors on the basis of the amounts outstanding under the Wolverine Debt or Canopy Debt (excluding, for certainty, any other indebtedness owing to either of the Creditors by the Debtors), respectively, as of the date payment in full is demanded by the first of the parties so to demand. The Creditors shall be at liberty to apply such monies in the manner provided in the Wolverine Security and Canopy Security, as applicable.

6. **Liquidation, Dissolution, Bankruptcy, etc.:** In the event of distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of any Debtor, or the proceeds thereof, to creditors in connection with the bankruptcy, liquidation or winding-up of such Debtor or in connection with any composition with creditors or scheme of arrangement to which such Debtor is a party, the monies received by the Creditors shall be adjusted and allocated between the Creditors in the manner set out in Section 2 and Section 5 of this Agreement.

7. **Relative Rights:** Subject to Section 14, this Agreement defines the relative rights of Wolverine and Canopy with respect to the Wolverine Debt and Canopy Debt. Subject to Section 14, other than as provided for in this Agreement, nothing herein shall impair, as between the Debtors and Wolverine, the Debtors and Canopy, the Wolverine Debt, the Canopy Debt, the Debtors' obligations under the Wolverine Debt or the Debtors' obligations under the Canopy Debt.

8. **No Release of Wolverine:** This Agreement shall remain in full force and effect without regard to, and the obligations of Wolverine hereunder shall not be released or otherwise affected or impaired by:

(a) any exercise or non-exercise by Canopy of any right, remedy, power or privilege in the Canopy Convertible Debenture, the Canopy Guarantee, the Canopy Security or any other document delivered in connection therewith;

(b) any waiver, consent, extension, indulgence or other action, inaction or omission by Canopy under or in respect of this Agreement, the Canopy Convertible Debenture, the Canopy Guarantee, the Canopy Security or any other document delivered in connection therewith;

(c) any default by the Debtors under, any limitation on the liability of the Debtors on the method or terms of payment under, or any irregularity or other defect in, the Canopy

Convertible Debenture, the Canopy Guarantee, the Canopy Security, or any other document delivered in connection therewith;

(d) the lack of authority or revocation hereof by any other party;

(e) the failure of Canopy to file or enforce a claim of any kind;

(f) any defence based upon an election of remedies by Canopy which destroys or otherwise impairs the subrogation rights of Wolverine or the right of Wolverine to proceed against the Debtors for reimbursement, or both;

(g) any merger, consolidation or amalgamation of Wolverine or a Debtor into or with any other person; or

(h) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting Wolverine or a Debtor.

9. **No Release of Canopy:** This Agreement shall remain in full force and effect without regard to, and the obligations of Canopy hereunder shall not be released or otherwise affected or impaired by:

(a) any exercise or non-exercise by Wolverine of any right, remedy, power or privilege in the Wolverine Convertible Debenture, the Wolverine Guarantee, the Wolverine Security or any other document delivered in connection therewith;

(b) any waiver, consent, extension, indulgence or other action, inaction or omission by Wolverine under or in respect of this Agreement, the Wolverine Convertible Debenture, the Wolverine Guarantee, the Wolverine Security or any other document delivered in connection therewith;

(c) any default by the Debtors under, any limitation on the liability of the Debtors on the method or terms of payment under, or any irregularity or other defect in, the Wolverine Convertible Debenture, the Wolverine Guarantee, the Wolverine Security, or any other document delivered in connection therewith;

(d) the lack of authority or revocation hereof by any other party;

(e) the failure of Wolverine to file or enforce a claim of any kind;

(f) any defence based upon an election of remedies by Wolverine which destroys or otherwise impairs the subrogation rights of Canopy or the right of Canopy to proceed against the Debtors for reimbursement, or both;

(g) any merger, consolidation or amalgamation of Canopy or a Debtor into or with any other person; or

(h) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting Canopy or a Debtor.

10. **No Rights to Debtors:**

(a) Nothing in this Agreement shall create any rights in favour of, or obligations to the Debtors and the covenants and agreements of Canopy and Wolverine shall not be enforceable by the Debtors. No consent of any Debtor shall be necessary for any amendment to this Agreement in order to have effect as between Canopy and Wolverine.

(b) To the extent that Wolverine receives any monies, by realization on the Canopy Security or otherwise, which it is required to pay over in whole or in part to Canopy, the indebtedness of the Debtors to Wolverine shall not be reduced by the receipt of such monies.

(c) To the extent that Canopy receives any monies, by realization on the Wolverine Security or otherwise, which it is required to pay over in whole or in part to Wolverine, the indebtedness of the Debtors to Canopy shall not be reduced by the receipt of such monies.

11. **Further Assurances:** The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable, in the reasonable opinion of either of the Creditors and its respective counsel, to give full effect to this Agreement.

12. **Successors and Assigns:**

(a) This Agreement is binding upon Canopy, Wolverine and each Debtor and their respective successors and assigns and, subject to subsection 12(b) below, shall enure to the benefit of Canopy, Wolverine, each Debtor, and their respective successors and permitted assigns.

(b) Either of the Creditors shall be entitled to assign all or any part of its rights and obligations under this Agreement or the Wolverine Debt or Canopy Debt (as applicable), provided that concurrently with any such assignment, any such assignee thereof shall be required to execute an acknowledgement and confirmation in favour of the other Creditor, in form and substance satisfactory to the other Creditor and its counsel, confirming, among other things, that the debts owing to the assignee shall be subject to the terms and conditions of this Agreement.

(c) Except in accordance with subsections 12(a) and 12(b) hereof, third parties shall have no rights or benefits under this Agreement.

13. **Entire Agreement; Severability:** This Agreement and the Subordination and Postponement Agreement contain the entire agreement among the parties hereto and Canopy, in its capacity as a Senior Creditor under the Subordination and Postponement Agreement, with respect to the subject matter hereof. If any of the provisions of this Agreement shall be held invalid or unenforceable by any court having jurisdiction, this Agreement shall be construed as if not containing those provisions, and the rights and obligations of the parties hereto should be construed and enforced accordingly.

14. **Conflicts; Paramourcy:** Notwithstanding anything herein to the contrary, the rights, priorities, liens and security interests granted to either Creditor pursuant to this Agreement, the Canopy Convertible Debenture, the Canopy Guarantee, the Canopy Security, the Wolverine Convertible Debenture, the Wolverine Guarantee or the Wolverine Security, as the case may be, and the exercise of any right or remedy by any Creditor hereunder or thereunder are subject

to the provisions of the Subordination and Postponement Agreement. In the event of any conflict between the terms of the Subordination and Postponement Agreement and this Agreement with respect to any right or remedy of the Creditors relating to the Debtors, the Canopy Convertible Debenture, the Canopy Guarantee, the Canopy Security, the Wolverine Convertible Debenture, the Wolverine Guarantee or the Wolverine Security, as the case may be, the terms of the Subordination and Postponement Agreement shall govern and control.

15. **Governing Law:**

(a) This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in that Province without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction). Any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby may be instituted in the courts of the Province of Ontario, and each party irrevocably submits to the non-exclusive jurisdiction of such courts in any such action or proceeding. The parties irrevocably and unconditionally waive any objection to the venue of any action or proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (II) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, AND (III) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY.

16. **Termination:** This Agreement shall terminate upon the earlier of:

- (a) the indefeasible repayment in full of the Canopy Debt and the Wolverine Debt; or
- (b) the written agreement of Canopy and Wolverine.

17. **Counterparts:** This Agreement may be executed in any number of counterparts, which when taken together shall constitute one and the same agreement.

18. **Enurement:** This Agreement shall be binding upon and enure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

19. **Notices:** Any notice to be given under this Agreement may be effectively given by delivering (whether by courier or personal delivery) such notice at the address set forth in the signature pages of this Agreement or by sending such notice by prepaid registered mail to such address or by facsimile or electronic mail to the parties at the facsimile number or electronic mail address set out on the signature pages of this Agreement. Any notice mailed shall be


deemed to have been received on the 5th day next following the registered mailing of such notice. Any facsimile or electronic mail notice shall be deemed to have been received on transmission if sent before 4:00 p.m. Toronto time on a Business Day, and, if not, on the next business day following transmission.

[Remainder of page left intentionally blank]

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

Address:
Wolverine Partners Corp.
77 King Street West, Suite 400
Toronto, Ontario M5K 0A1
Facsimile: N/A
Email: fabianm@gageusa.com

WOLVERINE PARTNERS CORP.

By: 
Name: Fabian Monaco
Title: President

Address:
Radicle Cannabis Holdings Inc.
90 Beach Road
Hamilton, ON L8P 2J7

Attention: Ziad Reda
Facsimile:
Email: ziadr@radiclecannabis.ca

RADICLE CANNABIS HOLDINGS INC., as a Debtor

By: _____
Name:
Title:

Address:
Radicle Medical Marijuana Inc.
90 Beach Road
Hamilton, ON L8P 2J7

Attention: Ziad Reda
Facsimile:
Email: ziadr@radiclecannabis.ca

RADICLE MEDICAL MARIJUANA INC., as a Debtor

By: _____
Name:
Title:

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

Address:
Wolverine Partners Corp.
77 King Street West, Suite 400
Toronto, Ontario M5K 0A1
Facsimile: N/A
Email: fabianm@gageusa.com

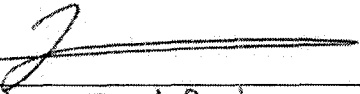
WOLVERINE PARTNERS CORP.

By: _____
Name:
Title:

Address:
Radicle Cannabis Holdings Inc.
90 Beach Road
Hamilton, ON L8P 2J7

Attention: Ziad Reda
Facsimile:
Email: ziadr@radiclecannabis.ca

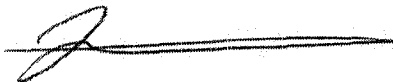
RADICLE CANNABIS HOLDINGS INC., as a Debtor

By:  _____
Name: Ziad Reda
Title: President

Address:
Radicle Medical Marijuana Inc.
90 Beach Road
Hamilton, ON L8P 2J7

Attention: Ziad Reda
Facsimile:
Email: ziadr@radiclecannabis.ca

RADICLE MEDICAL MARIJUANA INC., as a Debtor

By:  _____
Name: Ziad Reda
Title: CEO

Address:

Canopy Rivers Corporation
40 King Street West
Toronto, Ontario M5H 3Y2

Attention: Eddie Lucarelli
Facsimile: N/A.
Email: eddie@canopyrivers.com

CANOPY RIVERS CORPORATION



By: _____

Name: Matt Mundy
Title: General Counsel

This is Exhibit “M” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**

SUBORDINATION AND POSTPONEMENT AGREEMENT

THIS SUBORDINATION AND POSTPONEMENT AGREEMENT is made as of the 2nd day of January, 2020 among Wolverine Partners Corp. ("**Wolverine**"), in its capacity as a Subordinate Creditor (as hereinafter defined), Radicle Cannabis Holdings Inc. ("**Holdings**") and Radicle Medical Marijuana Inc. ("**Radicle**"), in their respective capacities as Debtors (collectively, the "**Debtors**" and each of them a "**Debtor**"), Canopy Rivers Corporation ("**Canopy**"), in its capacity as a Subordinate Creditor, and Canopy, in its capacity as Senior Creditor.

WHEREAS pursuant to a royalty agreement dated as of August 4, 2017 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Royalty Agreement**") between the Senior Creditor and Radicle, Radicle is indebted to the Senior Creditor;

AND WHEREAS pursuant to a convertible debenture dated as of the date hereof (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Canopy Convertible Debenture**") between Holdings and Canopy, Canopy has agreed to advance funds to Holdings;

AND WHEREAS pursuant to a convertible debenture dated as of November 22, 2019 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Wolverine Convertible Debenture**") between Holdings and Wolverine, Holdings is indebted to Wolverine;

AND WHEREAS the Senior Creditor requires that the Debtors and Subordinate Creditors enter into this Agreement as a condition to the Senior Creditor continuing to extend and maintain certain accommodations under and pursuant to the Royalty Agreement;

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

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

1. **Defined Terms:** Terms used but not defined elsewhere in this Agreement (including the recitals hereto) shall have the following meanings:

(a) "**Business Day**" means a day in which banks are generally open for business in Toronto, Ontario;

(b) "**Canopy Convertible Debenture**" has the meaning assigned thereto in the recitals;

(c) "**Canopy Permitted Payments**" means, with respect to Canopy, scheduled payments of annual interest in respect of the Canopy Convertible Debenture, at an interest rate not to exceed 12% per annum on the principal amount of \$1,000,000, provided that (i) no payments of such interest on the Canopy Convertible Debenture shall be made by the Debtors, and Canopy shall not be entitled to receive payments of such interest on the Canopy

Convertible Debenture, following the occurrence of a default or event of default under the Royalty Agreement or if a default or event of default under the Royalty Agreement would occur as a result of such payment; and (ii) payments on account of principal owing under and pursuant to the Canopy Convertible Debenture shall not be permitted to be paid by the Debtors or received by Canopy, until the Senior Debt has been indefeasibly paid in full;

(d) “**Canopy Subordinate Guarantee**” means any guarantee or indemnity granted to Canopy by Radicle in respect of Holdings’ obligations under the Canopy Convertible Debenture;

(e) “**Holdings**” has the meaning assigned thereto in the preamble;

(f) “**Permitted Payments**” means, collectively, the Canopy Permitted Payments and the Wolverine Permitted Payments;

(g) “**Person**” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, provincial, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof);

(h) “**Radicle**” has the meaning assigned thereto in the preamble;

(i) “**Royalty Agreement**” has the meaning assigned thereto in the recitals;

(j) “**Senior Creditor**” means Canopy, in its capacity as royalty holder under the Royalty Agreement;

(k) “**Senior Debt**” means all indebtedness, liabilities and obligations, of any nature or kind, present or future, direct or indirect, absolute or contingent, whether as primary debtor, surety or guarantor, matured or not and at any time owing by the Debtors to the Senior Creditor including, without limitation, pursuant to the Royalty Agreement, the Senior Guarantee and the other documents delivered in connection therewith;

(l) “**Senior Guarantee**” means the unlimited guarantee granted by Holdings to the Senior Creditor guaranteeing, among other things, the obligations of Radicle to the Senior Creditor and any other guarantee or indemnity granted to the Senior Creditor in respect of the Senior Debt;

(m) “**Senior Security**” means all liens, charges, pledges, security interests and other security agreements of any nature or kind, now or hereafter granted to the Senior Creditor through assignment or otherwise which secures payment of the Senior Debt;

(n) “**Subordinate Debt**” means all indebtedness, liabilities and obligations, of any nature or kind, present or future, direct or indirect, absolute or contingent, whether as primary debtor or surety, matured or not and at any time owing by the Debtors or either of them to each of the Subordinate Creditors, including, without limitation, all such indebtedness, liabilities and obligations owing pursuant to the Canopy Convertible Debenture, the Canopy Subordinate Guarantee, the Wolverine Convertible Debenture and the Wolverine Subordinate Guarantee;

(o) **“Subordinate Creditors”** means (i) Canopy, in its capacity as creditor under the Canopy Convertible Debenture, and (ii) Wolverine; and **“Subordinate Creditor”** means either one of them; and

(p) **“Subordinate Loan Documents”** means Canopy Convertible Debenture, the Canopy Subordinate Guarantee, the Wolverine Convertible Debenture, the Wolverine Subordinate Guarantee and the Subordinate Security;

(q) **“Subordinate Security”** means all liens, charges, pledges, security interests and other security agreements of any nature or kind, now or hereafter granted to a Subordinate Creditor through assignment or otherwise which secures payment of the Subordinate Debt;

(r) **“Wolverine Convertible Debenture”** has the meaning assigned thereto in the recitals;

(s) **“Wolverine Permitted Payments”** means, with respect to Wolverine, scheduled payments of annual interest in respect of the Wolverine Convertible Debenture, at an interest rate not to exceed 12% per annum on the principal amount then outstanding under the Wolverine Convertible Debenture up to the sum of \$1,000,000, provided that (i) no payments of such interest on the Wolverine Convertible Debenture shall be made by the Debtors, and Wolverine shall not be entitled to receive payments of such interest on the Wolverine Convertible Debenture, following the occurrence of a default or event of default under the Royalty Agreement or if a default or event of default under the Royalty Agreement would occur as a result of such payment; and (ii) payments on account of principal owing under and pursuant to the Wolverine Convertible Debenture shall not be permitted to be paid by the Debtors or received by Wolverine, until the Senior Debt has been indefeasibly paid in full; and

(t) **“Wolverine Subordinate Guarantee”** means any guarantee or indemnity granted to Wolverine by Radicle in respect of Holdings’ obligations under the Wolverine Convertible Debenture.

2. **Subordination and Postponement:**

(a) Subject to Section 4, the Debtors and each Subordinate Creditor hereby covenant and agree that all Subordinate Debt is hereby unconditionally and irrevocably deferred, postponed and subordinated in all respects to the prior indefeasible repayment in full of all the Senior Debt.

(b) Without limiting the generality of the foregoing, the deferment, postponement and subordination of the Subordinate Debt contained herein shall be effective notwithstanding:

- (i) the fact that any rule of law or any statute may alter or vary the priorities set forth in this Agreement;
- (ii) the filing of any financing statement or other document or instrument with respect to the Senior Security;
- (iii) the perfection or actual order or time of perfection of any security interest constituted by or related to any of the Senior Security;

- (iv) any lack of validity, legality, completeness or enforceability of the Senior Debt, the Royalty Agreement, the Senior Guarantee, any Senior Security or any other document delivered in connection therewith;
- (v) any failure of, or delay by, the Senior Creditor:
 - A. to assert any claim or demand or to enforce any right, power or remedy against the Debtors under the Royalty Agreement, the Senior Guarantee or any other document delivered in connection therewith; or
 - B. to exercise any right, power or remedy against the Debtors, the Senior Security or any other collateral securing the Senior Debt; and/or
- (vi) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, or otherwise prejudicially affect the subordination herein provided.

3. **Repayment of Subordinate Debt:** Subject to Section 4, until the Senior Debt has been indefeasibly paid in full, no direct or indirect, distribution, payment (including, but not limited to, principal, interest and fees), prepayment or repayment on account of, or other distribution in respect of, the Subordinate Debt shall be made by, or on behalf of, the Debtors or received by, or on behalf of, a Subordinate Creditor.

4. **Permitted Payments:** Notwithstanding any other provision of this Agreement, Holdings shall be entitled to pay, and each Subordinate Creditor shall be entitled to receive, Permitted Payments.

5. **Restriction on Enforcement:** No Subordinate Creditor shall take any steps whatsoever to enforce payment of the Subordinate Debt (including, without limitation, notice of default, demand for payment, rights of set-off, commencement of bankruptcy proceedings, foreclosure, sale, power of sale, taking of possession, giving in payment, appointing or making application to a court for an order appointing an agent or a receiver or receiver-manager by any other means of enforcement thereof) until the Senior Debt has been indefeasibly paid in full. Each Debtor hereby acknowledges and agrees that any limitation period applicable to the Subordinate Creditors' right to enforce the Subordinate Debt shall be irrevocably extended by such amount of time as the Subordinate Creditors are restricted from enforcing.

6. **Subordinate Security:** The Subordinate Security is hereby postponed and subordinated to the Senior Security, until the Senior Debt is repaid in full, as confirmed in writing by the Senior Creditor. Should any Debtor or Subordinate Creditor breach this covenant, the Debtors and each Subordinate Creditor each acknowledge and agree that all such Subordinate Security shall be void and of no force or effect (but only in so far as it relates to the Subordinate Debt) until the Senior Debt is indefeasibly paid in full. The Subordinate Creditors and the Debtors agree that, without the prior written consent of the Senior Creditor, they shall not amend the Subordinate Loan Documents so as to (i) increase the interest rate, (ii) increase the principal amount due and owing in respect thereof, (iii) accelerate payments required under the Subordinate Loan Documents, or (iv) shorten the maturity date of the Subordinate Loan Documents.

7. **No Objection:** No Subordinate Creditor shall take, or cause or permit any other person to take on its behalf, any steps whatsoever whereby the priority or validity of the Senior Debt or any of the Senior Security or the rights of the Senior Creditor hereunder or under the Royalty Agreement or Senior Guarantee shall be delayed, defeated, impaired or diminished, and without limiting the generality of the foregoing, no Subordinate Creditor shall challenge, object to, compete with or impede in any manner any act taken or proceeding commenced by the Senior Creditor in connection with the enforcement by the Senior Creditor of the Senior Debt and/or the Senior Security.

8. **Application of Proceeds:** Each Subordinate Creditor and each Debtor acknowledge that all and every part of the Senior Security is held by the Senior Creditor as security for all and every part of the Senior Debt and the Senior Creditor may apply as a permanent reduction any monies received, whether from the enforcement of and realization upon any or all of the Senior Security or otherwise, to any part of the Senior Debt as the Senior Creditor, in its sole and unfettered discretion, may determine.

9. **Liquidation, Dissolution, Bankruptcy, etc.:** In the event of distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of any Debtor, or the proceeds thereof, to creditors in connection with the bankruptcy, liquidation or winding-up of such Debtor or in connection with any composition with creditors or scheme of arrangement to which such Debtor is a party (each an “**Insolvency Proceeding**”), the Senior Creditor shall be entitled to receive payment in full (including interest accruing to the date of receipt of such payment at the applicable rate whether or not allowed as a claim in any such proceeding) of the Senior Debt before either Subordinate Creditor is entitled to receive any direct or indirect payment or distribution of any cash or other assets of such Debtor on account of the Subordinate Debt, and the Senior Creditor shall be entitled to receive directly, for application in payment of such Senior Debt (to the extent necessary to pay all Senior Debt in full after giving effect to any substantially concurrent payment or distribution to the Senior Creditor in respect of the Senior Debt), any payment or distribution of any kind or character, whether in cash or other assets, which shall be payable or deliverable upon or with respect to the Subordinate Debt. To the extent any payment of Senior Debt (whether by or on behalf of a Debtor, as proceeds of security or enforcement of any right of set-off or otherwise) is declared to be a fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar person under any bankruptcy, insolvency, receivership or similar law, then if such payment is recoverable by, or paid over to, such trustee, receiver or other person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred and shall, at all times, be subject to the priorities set out in this Agreement.

10. **Proxy:** Without limitation to the rights of the Senior Creditor under the Royalty Agreement, the Senior Guarantee, the Senior Security or any of the other documents delivered in connection therewith, in order to ensure that the full intent of this Agreement is carried out (including, without limitation, the subordination and postponement provisions), each Subordinate Creditor hereby:

- (a) irrevocably designates any representative of the Senior Creditor (with full power to appoint another general proxy in his or her place), as the Subordinate Creditor's general proxy in any and all Insolvency Proceedings with respect to all matters (including, without limitation, any right to vote in respect of the Subordinate Debt in such general proxy's sole discretion);

- (b) irrevocably constitutes and appoints any representative of the Senior Creditor as the true and lawful attorney of the Subordinate Creditor, with full power of substitution, to do, make and execute all such proofs of claim, voting letters, proxies, documents, acts, matters or things (with the right to use the Subordinate Creditor's name whenever and wherever such attorney may deem it necessary or expedient) from time to time in connection with the Subordinate Debt in any and all Insolvency Proceedings, including, without limitation, to demand, receive and collect any and all dividends payments and other distributions in respect thereof. The power of attorney granted hereby is a power coupled with an interest, shall survive the legal incapacity of, and any Insolvency Proceeding in respect of, either Subordinate Creditor and extends to the successors and assigns of each such Subordinate Creditor; and
- (c) agrees that it will not take any action in an Insolvency Proceeding with respect to the Subordinate Debt without the prior written consent of the Senior Creditor.

Each Subordinate Creditor agrees to be bound by all acts taken pursuant to each of the proxy and the power of attorney granted herein and hereby waives any defences which may be available to contest, negate or disaffirm any such acts.

11. **Payments Received by the Subordinate Creditors:** If, prior to the indefeasible payment in full of the Senior Debt, either Subordinate Creditor or any person on its behalf shall receive any payment from or distribution of assets of a Debtor or on account of the Subordinate Debt, other than Permitted Payments, then such Subordinate Creditor shall, and shall cause such other person to, receive and hold such payment or distribution in trust for the benefit of the Senior Creditor and promptly pay the same over or deliver to the Senior Creditor in precisely the form received by such Subordinate Creditor or such other person on its behalf (except for any necessary endorsement or assignment) and such payment or distribution shall be applied by the Senior Creditor to the repayment of the Senior Debt.

12. **Senior Creditor Rights:** Each Subordinate Creditor agrees that the Senior Creditor shall be entitled to deal with the Senior Security as the Senior Creditor sees fit and nothing herein shall prevent, restrict or limit the Senior Creditor in any manner from exercising all or any part of its rights and remedies otherwise permitted by applicable law upon any default under the Senior Security, and without limiting the generality of the foregoing, each Subordinate Creditor agrees that:

(a) the Senior Creditor, in its absolute discretion or in the absolute discretion of any authorized officer or agent of the Senior Creditor, and without diminishing the obligations of each Subordinate Creditor hereunder, may grant time or other indulgences to the Debtors and any other person or persons now or hereafter liable to the Senior Creditor in respect of the payment of the Senior Debt, and may give up, modify, vary, exchange, renew or abstain from taking advantage of the Senior Security in whole or in part and may discharge any part or parts of or accept any composition or arrangements or realize upon the Senior Security when and in such manner as the Senior Creditor or any authorized officer or agent thereof may think expedient, and in no such case shall the Senior Creditor be responsible for any neglect or omission with respect to the Senior Security or any part thereof;

(b) no Subordinate Creditor shall be released or exonerated from its obligations hereunder by extension of time periods or any other forbearance whatsoever, whether as to time, performance or otherwise or by any release, discharge, loss or alteration in or dealing with

all or any part of the Senior Debt and the Senior Security or any part thereof or by any failure or delay in giving any notice required under this Agreement, the Royalty Agreement, the Senior Debt, the Senior Guarantee, the Senior Security, any other documents delivered in connection therewith or any part thereof, the waiver by the Senior Creditor of compliance with any conditions precedent to any advance of funds, or by any modification or alteration of the Royalty Agreement, the Senior Debt, the Senior Guarantee, the Senior Security, any other documents delivered in connection therewith or any part thereof, or by anything done, suffered or permitted by the Senior Creditor, or as a result of the method or terms of payment under the Senior Debt or the Senior Security or any part thereof or any assignment or other transfer of all or any part of the Royalty Agreement, the Senior Debt, the Senior Guarantee, the Senior Security, any other documents delivered in connection therewith or any part thereof;

(c) the Senior Creditor shall not be bound to seek or exhaust any recourse against any Debtor or any other person or against the property or assets of any Debtor or any other person or against any security, guarantee or indemnity before being entitled to the benefit of the Subordinate Creditors' obligations hereunder and the Senior Creditor may enforce the various remedies available to it and may realize upon the various security documents, guarantees and indemnities or any part thereof, held by the Senior Creditor in such order as the Senior Creditor may determine appropriate;

(d) each Subordinate Creditor is fully responsible for acquiring and updating information relating to the financial condition of the Debtors and all circumstances relating to the payment or non-payment of the Subordinate Debt;

(e) the Senior Creditor shall not be required to marshal in favour of the Subordinate Creditors or any other person the Senior Security or any other securities or any moneys or other assets which the Senior Creditor may be entitled to receive or upon which the Senior Creditor may have a claim; and

(f) the Senior Creditor shall be entitled to advance its own money as it may see fit in order to preserve or protect the assets of the Debtors or any part thereof, and all such sums advanced to the extent reasonably advanced to preserve and protect the assets of the Debtors or any part thereof, shall constitute part of the Senior Debt and shall be secured by the Senior Security.

13. **Relative Rights:** This Agreement defines the relative rights of (a) the Subordinate Creditors and (b) the Senior Creditor. Other than as provided for in this Agreement, nothing herein shall impair, as between the Debtors and the Subordinate Creditors, the Subordinate Debt or the Debtors' obligations under the Subordinate Debt.

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

(a) No right of the Senior Creditor to enforce the subordination as provided in this Agreement shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Debtors or by any act or failure to act by the Senior Creditor or any agent of or trustee for the Senior Creditor, or by any non-compliance by the Debtors with any of the agreements or instruments relating to the Subordinate Debt or the Senior Debt, regardless of any knowledge thereof which the Senior Creditor may have or be otherwise charged with. Without limitation of the foregoing, but in no way relieving the Debtors of their obligations under this Agreement, the Senior Creditor may, at any time and from time to time, without the consent of the Subordinate Creditors and without impairing or releasing the subordination and other

benefits provided in this Agreement or the obligations hereunder of the Subordinate Creditors to the Senior Creditor, do any one or more of the following:

- (i) amend, supplement, modify, restate or replace the Royalty Agreement, the Senior Guarantee, the Senior Security and/or any other document delivered in connection therewith;
- (ii) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner any assets pledged or mortgaged for or otherwise securing the Senior Debt or any liability of the Debtors or any liability incurred directly or indirectly in respect thereof;
- (iii) settle or compromise any Senior Debt or any other liability of the Debtors (other than the Subordinate Debt) or any security thereof or any liability incurred directly or indirectly in respect thereof, and apply any sums by whomsoever paid and however realized to the Senior Debt in any manner or order; and
- (iv) fail to take or to record or otherwise perfect or to preserve the perfection of any liens or security interest securing the Senior Debt, exercise or delay in or refrain from exercising any right or remedy against the Debtors and elect any remedy and otherwise deal freely with the Debtors.

(b) No loss of or in respect of any of the Senior Security or otherwise or any carelessness or neglect by the Senior Creditor in asserting its rights or any other thing whatsoever, including without limitation the loss by operation of law of any right of the Senior Creditor against the Debtors or the loss or destruction of any security, shall in any way impair or release the subordination and other benefits provided by this Agreement.

15. **Waivers of the Subordinate Creditors:** Each Subordinate Creditor agrees that the Senior Creditor has made no representations or warranties with respect to the due execution, legality, validity, completeness or enforceability of any agreement or instrument relating to the Royalty Agreement or the Senior Debt or the collectability of the Senior Debt, that the Senior Creditor shall be entitled to manage and supervise its loans and other financial accommodation to the Debtors in accordance with applicable law and its usual practices, modified from time to time as it deems appropriate under the circumstances, or otherwise, without regard to the existence of any rights that the Subordinate Creditors may now or hereafter have in or to any of the assets of the Debtors, and that the Senior Creditor shall have no liability to the Subordinate Creditors for, and each Subordinate Creditor hereby waives any claims which such Subordinate Creditor may now or hereafter have against the Senior Creditor out of, any and all actions which the Senior Creditor may take or omit to take (including, without limitation, actions with respect to the creation, perfection or continuation of liens or security interest in any assets at any time securing payment of the Senior Debt, actions with respect to the occurrence of any default under any agreement or instrument relating to the Senior Debt, action with respect to the release or depreciation of, or failure to realize upon, any assets securing payment of the Senior Debt and actions with respect to the collection of any claims or all or any part of the Senior Debt from any account debtor, guarantor or any other person) with respect to the Senior Debt and any agreement or instrument related thereto or with respect to the collection of the Senior Debt or the valuation, use, protection or release of any assets securing payment of the Senior Debt.

16. **No Release:** This Agreement shall remain in full force and effect without regard to, and the obligations of the Subordinate Creditors hereunder shall not be released or otherwise affected or impaired by:

(a) any exercise or non-exercise by the Senior Creditor of any right, remedy, power or privilege in the Royalty Agreement, the Senior Guarantee, the Senior Security or any other document delivered in connection therewith;

(b) any waiver, consent, extension, indulgence or other action, inaction or omission by the Senior Creditor under or in respect of this Agreement, the Royalty Agreement, the Senior Guarantee, the Senior Security or any other document delivered in connection therewith;

(c) any default by the Debtors under, any limitation on the liability of the Debtors on the method or terms of payment under, or any irregularity or other defect in, the Royalty Agreement, the Senior Guarantee, the Senior Security, or any other document delivered in connection therewith;

(d) the lack of authority or revocation hereof by any other party;

(e) the failure of the Senior Creditor to file or enforce a claim of any kind;

(f) any defence based upon an election of remedies by the Senior Creditor which destroys or otherwise impairs the subrogation rights of a Subordinate Creditor or the right of a Subordinate Creditor to proceed against the Debtors for reimbursement, or both;

(g) any merger, consolidation or amalgamation of a Subordinate Creditor or a Debtor into or with any other person; or

(h) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting a Subordinate Creditor or a Debtor.

17. **No Rights to Debtors:**

(a) Nothing in this Agreement shall create any rights in favour of, or obligations to the Debtors and the covenants and agreements of the Senior Creditor and the Subordinate Creditors shall not be enforceable by the Debtors. No consent of any Debtor shall be necessary for any amendment to this Agreement by the Senior Creditor and Subordinate Creditors in order to have effect as among the Senior Creditor and the Subordinate Creditors.

(b) To the extent that a Subordinate Creditor receives any monies, by realization on the Senior Security or otherwise, which it is required to pay over in whole or in part to the Senior Creditor, the indebtedness of the Debtors to the Subordinate Creditors shall not be reduced by the receipt of such monies.

18. **Further Assurances:** The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable, in the reasonable opinion of the Senior Creditor and its counsel, to give full effect to the postponement and subordination of the rights and remedies of the Subordinate Creditors in respect to the Subordinate Debt to the rights and remedies of the Senior Creditor in respect to the Senior Debt and the Senior Security, all in accordance with the intent of this Agreement.

19. **Successors and Assigns:**

(a) This Agreement is binding upon the Senior Creditor, each Subordinate Creditor and each Debtor and their respective successors and assigns and, subject to subsection 19(b) below, shall enure to the benefit of the Senior Creditor, each Subordinate Creditor, each Debtor, and their respective successors and permitted assigns.

(b) Each Subordinate Creditor shall be entitled to assign all or any part of its rights and obligations under this Agreement or the Subordinate Debt (to the extent applicable), provided that concurrently with any such assignment, any such assignee thereof shall be required to execute an acknowledgement and confirmation in favour of the Senior Creditor, in form and substance satisfactory to the Senior Creditor and its counsel, confirming, among other things, that the Subordinate Debt owing to such Subordinate Creditor shall be subject to the terms and conditions of this Agreement.

(c) Except in accordance with subsections 19(a) and 19(b) hereof, third parties shall have no rights or benefits under this Agreement.

20. **Entire Agreement; Severability:** This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof. If any of the provisions of this Agreement shall be held invalid or unenforceable by any court having jurisdiction, this Agreement shall be construed as if not containing those provisions, and the rights and obligations of the parties hereto should be construed and enforced accordingly.

21. **Governing Law:**

(a) This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in that Province without giving effect to any choice or conflict of law provision or rule (whether of the Province of Ontario or any other jurisdiction). Any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby may be instituted in the courts of the Province of Ontario, and each party irrevocably submits to the non-exclusive jurisdiction of such courts in any such action or proceeding. The parties irrevocably and unconditionally waive any objection to the venue of any action or proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (II) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, AND (III) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY.

22. **Termination:** This Agreement shall terminate upon the earlier of:

- (a) the indefeasible repayment in full of the Senior Debt; and
- (b) the written agreement of the Senior Creditor and the Subordinate Creditors.

23. **Counterparts:** This Agreement may be executed in any number of counterparts, which when taken together shall constitute one and the same agreement.

24. **Enurement:** This Agreement shall be binding upon and enure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

25. **No Marshalling/Subrogation:** Each Subordinate Creditor hereby waives any right it may have to require the Senior Creditor to marshal in its favour. Until the Senior Debt has been indefeasibly paid in full, each Subordinate Creditor waives any rights it may have to subrogation.


26. **Notices:** Any notice to be given under this Agreement may be effectively given by delivering (whether by courier or personal delivery) such notice at the address set forth in the signature pages of this Agreement or by sending such notice by prepaid registered mail to such address or by facsimile or electronic mail to the parties at the facsimile number or electronic mail address set out on the signature pages of this Agreement. Any notice mailed shall be deemed to have been received on the 5th day next following the registered mailing of such notice. Any facsimile or electronic mail notice shall be deemed to have been received on transmission if sent before 4:00 p.m. Toronto time on a Business Day, and, if not, on the next business day following transmission.

[Remainder of page left intentionally blank]

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

Address:
Wolverine Partners Corp.
77 King Street West, Suite 400
Toronto, Ontario M5K 0A1
Facsimile: N/A
Email: fabianm@gageusa.com

WOLVERINE PARTNERS CORP., as a Subordinate Creditor

By: 
Name: Fabian Monaco
Title: President

By: _____
Name:
Title:

Address:
Radicle Cannabis Holdings Inc.
90 Beach Road
Hamilton, ON L8P 2J7

Attention: Ziad Reda
Facsimile:
Email: ziadr@radiclecannabis.ca

RADICLE CANNABIS HOLDINGS INC., as a Debtor

By: _____
Name:
Title:

Address:
Radicle Medical Marijuana Inc.
90 Beach Road
Hamilton, ON L8P 2J7

Attention: Ziad Reda
Facsimile:
Email: ziadr@radiclecannabis.ca

RADICLE MEDICAL MARIJUANA INC., as a Debtor

By: _____
Name:
Title:

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

Address:

Wolverine Partners Corp.
77 King Street West, Suite 400
Toronto, Ontario M5K 0A1
Facsimile: N/A
Email: fabianm@gageusa.com

WOLVERINE PARTNERS CORP., as a Subordinate
Creditor

By: _____
Name:
Title:

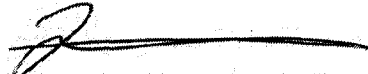
By: _____
Name:
Title:

Address:

Radicale Cannabis Holdings Inc.
90 Beach Road
Hamilton, ON L8P 2J7

Attention: Ziad Reda
Facsimile:
Email: ziadr@radiclecannabis.ca

RADICLE CANNABIS HOLDINGS INC., as a Debtor

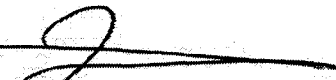
By: 
Name: Ziad Reda
Title: President

Address:

Radicale Medical Marijuana Inc.
90 Beach Road
Hamilton, ON L8P 2J7

Attention: Ziad Reda
Facsimile:
Email: ziadr@radiclecannabis.ca

RADICLE MEDICAL MARIJUANA INC., as a Debtor

By: 
Name: Ziad Reda
Title: CEO

Address:

Canopy Rivers Corporation
40 King Street West
Toronto, Ontario M5H 3Y2

Attention: Eddie Lucarelli
Facsimile: N/A.
Email: eddie@canopyrivers.com

CANOPY RIVERS CORPORATION, as a Subordinate
Creditor



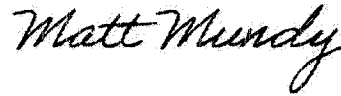
By: _____
Name: Matt Mundy
Title: General Counsel

Address:

Canopy Rivers Corporation
40 King Street West
Toronto, Ontario M5H 3Y2

Attention: Eddie Lucarelli
Facsimile: N/A.
Email: eddie@canopyrivers.com

CANOPY RIVERS CORPORATION, as Senior Creditor



By: _____
Name: Matt Mundy
Title: General Counsel

This is Exhibit “N” referred to in the Affidavit of Ziad Reda sworn by Ziad Reda of the Town of Ancaster, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on October 28, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

**Katelin Zoe Parker, a Commissioner, etc.,
Province of Ontario, for Fogler, Rubinoff LLP,
Barristers and Solicitors. Expires April 23, 2026.**



1801 WYANDOTTE STREET EAST
WINDSOR, ONTARIO N8Y 1E2

199 BAY STREET, SUITE 2200
P.O. BOX 447, COMMERCE COURT POSTAL STATION
TORONTO, ON CANADA M5L 1G4
TELEPHONE: 416-777-0101
FACSIMILE: 844-670-6009
<http://www.dickinsonwright.com>

JOHN D. LESLIE
JLeslie@dickinsonwright.com
416-646-3801

September 23, 2024

VIA EMAIL (ziadr@noyagrow.ca)

Noya Holdings Inc.
77 King Street West, Suite 400
Toronto, Ontario
M5K 0A1

Noya Cannabis Inc.
90 Beach Road
Hamilton, Ontario
L8L 8K3

Dear Ziad Reda:

Re: Lending Stream Inc. (“Lending Stream”) and indebtedness of Noya Holdings Inc. (“Noya Holdings”) and Noya Cannabis Inc. (“Noya Cannabis”)

We represent Lending Stream in respect of the above-referenced matter.

Lending Stream is in receipt of Notice, from Noya Holdings and Noya Cannabis, pursuant to Section 3.1(d) of the Convertible Debenture dated January 2, 2020, assigned to Lending Stream (“Convertible Debenture”), of a material litigation matter as against Noya Cannabis.

This notice constitutes a default under the Convertible Debenture. As a result of this default, pursuant to the Convertible Debenture; Acknowledgement and Direction under the Convertible Debenture dated June 21, 2024 (“Convertible Debenture Acknowledgement”) and the Royalty Agreement dated August 4, 2017, assigned to Lending Stream with Noya Cannabis (“Royalty Agreement”), the following amounts are due and owing as of August 31, 2024:

1. Noya Holdings pursuant to Convertible Debenture and Convertible Debenture Acknowledgement:
 - (i) Convertible Debenture;
 - Principal: \$1,000,000.00
 - Interest: \$447,918.79
 - Total: \$1,447,918.79

- (ii) Convertible Debenture Acknowledgement;
 - Principal: \$400,000.00
 - Interest: \$2,328.77
 - Total: \$402,328.77

2. Noya Cannabis pursuant to Royalty Agreement:

Total: \$3,360,869.99

On behalf of Lending Stream, we hereby demand payment from Noya Holdings to Lending Stream pursuant to the Convertible Debenture and Convertible Debenture Acknowledgement the amount of \$1,850,246.56 as of August 31, 2024, plus all applicable interest and costs accruing thereon from and after that date.

We further, on behalf of Lending Stream, demand payment from Noya Cannabis, pursuant to the Royalty Agreement the amount of \$3,360,869.99 as of August 31, 2024 plus all applicable interest and costs accruing thereon from and after that date.

We enclose a Notice of Intention to Enforce Security pursuant to Section 244(1) of the Bankruptcy and Insolvency Act (Canada), together with an attached consent and waiver.

Sincerely,

DICKINSON WRIGHT LLP



John D. Leslie
JDL/lb

NOTICE OF INTENTION TO ENFORCE SECURITY**Subsection 244(1) of the
*Bankruptcy and Insolvency Act (Canada)***

To: Noya Holdings Inc.
77 King Street West, Suite 400
Toronto, Ontario
M5K 0A1


Attention: Ziad Reda

TAKE NOTE THAT:

1. Lending Stream Inc. (“Lending Stream”), a secured creditor, intends to enforce its security on the insolvent person’s property described below:
 - (a) All present and future personal property, assets and undertakings of Noya Cannabis Inc. situated on, used in connection with or arising from the business or affairs, including without limitation, accounts, books and records, chattel paper, documents of title, equipment, goods, instruments, intangibles (including intellectual property rights, contracts and permits), inventory, money, securities, contracts, licenses, agreements and the real property.
2. The security that is to be enforced is in the form of the following (hereinafter collectively referred to as the “**Security**”):
 - (a) Charge under the Personal Property Security Act.
3. The total amount of indebtedness secured by the Security is the amount of \$1,850,246.56, as at August 31, 2024, plus interest accrued thereon, and costs.
4. Lending Stream will not have the right to enforce the Security until after the expiry of the 10 day period after this notice is sent, unless the insolvent person consents to an earlier enforcement by executing the consent and waiver attached hereto as Schedule A and providing a copy to the undersigned.

Dated at Toronto, Ontario, this 23rd September of 2024.

DICKINSON WRIGHT LLP
solicitors on behalf of the Lending Stream

Per: 

John D. Leslie

**SCHEDULE A
CONSENT AND WAIVER**

To: Lending Stream Inc. (“Lending Stream”)

TAKE NOTE THAT:

1. The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security dated September 20, 2024 pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada) with respect to the assets of the undersigned, waives its right to the ten-day notice period and to redeem the collateral, and consents to the immediate enforcement of the security held by Lending Stream.
2. The undersigned hereby acknowledges its inability to make payment of the amount of its liabilities to Lending Stream, and hereby consents to the immediate enforcement of the Security granted by it to Lending Stream by any means deemed appropriate, including the appointment either privately or by application to the court at the option of Lending Stream, of an interim receiver, receiver, or receiver and manager of its property, assets, and undertakings.
3. The undersigned hereby acknowledges and confirms that it has sought the advice and recommendations of its professional advisors to the extent it deems appropriate in connection with the execution of this Consent and Waiver and is executing this Consent and Waiver freely, voluntarily, and without any duress.

DATED at Toronto, Ontario this ___ day of September, 2024.

NOYA HOLDINGS INC.

Per: _____
I have authority to bind the
corporation

NOTICE OF INTENTION TO ENFORCE SECURITY**Subsection 244(1) of the
*Bankruptcy and Insolvency Act (Canada)***

To: Noya Cannabis Inc.
90 Beach Road
Hamilton, Ontario
L8L 8K3

Attention: Ziad Reda

TAKE NOTE THAT:

1. Lending Stream Inc. (“Lending Stream”), a secured creditor, intends to enforce its security on the insolvent person’s property described below:
 - (a) All present and future personal property, assets and undertakings of Noya Cannabis Inc. situated on, used in connection with or arising from the business or affairs, including without limitation, accounts, books and records, chattel paper, documents of title, equipment, goods, instruments, intangibles (including intellectual property rights, contracts and permits), inventory, money, securities, contracts, licenses, agreements and the real property.
2. The security that is to be enforced is in the form of the following (hereinafter collectively referred to as the “**Security**”):
 - (a) Charge under the Personal Property Security Act.
3. The total amount of indebtedness secured by the Security is the amount of \$3,360,869.99, as at August 31, 2024, plus interest accrued thereon, and costs.
4. Lending Stream will not have the right to enforce the Security until after the expiry of the 10 day period after this notice is sent, unless the insolvent person consents to an earlier enforcement by executing the consent and waiver attached hereto as Schedule A and providing a copy to the undersigned.

Dated at Toronto, Ontario, this 23rd September of 2024.

DICKINSON WRIGHT LLP
solicitors on behalf of the Lending Stream

Per: 

John D. Leslie

**SCHEDULE A
CONSENT AND WAIVER**

To: Lending Stream Inc. (“Lending Stream”)

TAKE NOTE THAT:

1. The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security dated September 20, 2024 pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada) with respect to the assets of the undersigned, waives its right to the ten-day notice period and to redeem the collateral, and consents to the immediate enforcement of the security held by Lending Stream.
2. The undersigned hereby acknowledges its inability to make payment of the amount of its liabilities to Lending Stream, and hereby consents to the immediate enforcement of the Security granted by it to Lending Stream by any means deemed appropriate, including the appointment either privately or by application to the court at the option of Lending Stream, of an interim receiver, receiver, or receiver and manager of its property, assets, and undertakings.
3. The undersigned hereby acknowledges and confirms that it has sought the advice and recommendations of its professional advisors to the extent it deems appropriate in connection with the execution of this Consent and Waiver and is executing this Consent and Waiver freely, voluntarily, and without any duress.

DATED at Hamilton, Ontario this ___ day of September, 2024.

NOYA CANNABIS INC.

Per: _____
I have authority to bind the
corporation

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NOYA HOLDINGS INC. AND NOYA CANNABIS INC.

Applicants

Court File No. CV-24-00730120-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

APPLICATION RECORD
(RETURNABLE NOVEMBER 6, 2024)
VOLUME 1 OF 2

FOGLER, RUBINOFF LLP

Lawyers

77 King Street West

Suite 3000, P.O. Box 95

TD Centre North Tower

Toronto, ON M5K 1G8

Vern W. DaRe (LSO# 32591E)

Tel: 416.941.8842

Fax: 416.941.8852

vdare@foglers.com

Lawyers for the Applicants