

# FIRST AMENDMENT TO AMENDED AND RESTATED DIP FACILITY TERM SHEET

**Dated:** October 24, 2023.

## RECITALS:

- A. Aleafia Health Inc., Emblem Cannabis Corporation and Aleafia Farms Inc. (collectively, and on a joint and several basis, the “**Borrowers**” and each a “**Borrower**”), as borrowers, the Borrowers, Growwise Health Limited, Emblem Realty Ltd., Emblem Corp., Canabo Medical Corporation, Aleafia Brands Inc., Aleafia Retail Inc., 2672533 Ontario Inc., 2676063 Ontario Inc. and Aleafia Inc. (collectively, the “**Guarantors**”), as guarantors, and Red White & Bloom Brands Inc. (“**RWB**” or the “**DIP Lender**”, as the context dictates), as lender, entered into a DIP facility term sheet dated as of July 24, 2023 (the “**Original DIP Facility Term Sheet**”);
- B. The Original DIP Facility Term Sheet was amended and restated by the parties pursuant to the terms of an amended and restated DIP facility term sheet dated as of July 24, 2023 (the “**DIP Facility Term Sheet**”);
- C. Subject to the terms and conditions contained herein (this “**Amendment**”), the parties hereto have agreed to amend the DIP Facility Term Sheet on the terms and conditions set out below;

**NOW THEREFORE** in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

## 1. DEFINITIONS

- 1.1 **Use of Defined Terms.** Unless otherwise defined herein or the context otherwise requires, capitalized terms used in this Amendment, including its preamble and recitals, have the meanings provided in the DIP Facility Term Sheet, as amended by this Amendment, as applicable.

## 2. AMENDMENTS TO DIP FACILITY TERM SHEET

- 2.1 **Amendments.** Subject to the satisfaction of each of the conditions to effectiveness set forth in this Amendment, the parties agree that:
  - 2.1.1 the provision under the heading “DIP FACILITY” of the DIP Facility Term Sheet is hereby amended by deleting “\$6,600,000” and replacing it with “8,000,000”. All references to the “Maximum Amount” in the DIP Facility Term Sheet (as amended pursuant to this Amendment) shall be construed as references to the amount of \$8,000,000; and

- 2.1.2 paragraph 20 is added at the end of the heading “Affirmative Covenant”, which paragraph reads as follows:

“20. Pay to the DIP Lender in partial repayment of the Obligations, within one (1) day of receipt thereof, the net proceeds (that is \$3,750,000 minus fees, adjustments and applicable taxes) of the transaction from the sale of the Grimsby Property minus a \$400,000 holdback which can be retained by the Monitor to fund and constitute the “Administrative Expense Amount” (as defined in the amended and restated asset purchase and subscription agreement dated October 24, 2023 entered into among certain of the Obligors, RWB and RWB (PV) Canada Inc.).”

### 3. REPRESENTATIONS AND WARRANTIES

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

- 3.1.1 This Amendment has been duly authorized, executed and delivered by each of the Obligors;
- 3.1.2 This Amendment constitutes a legal, valid and binding obligation of each of the Obligors, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other applicable laws affecting creditors’ rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law;
- 3.1.3 The representations and warranties set forth in the DIP Facility Term Sheet and the other DIP Credit Documentation are true and correct in all respects on and as of the date hereof as though made on and as of such date, unless stated to be made as of a specified date; and
- 3.1.4 No Default or Event of Default has occurred and is continuing.

### 4. CONDITIONS

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

- 4.1.1 A counterpart of this Amendment executed by each party hereto; and
- 4.1.2 The Court shall have issued an order, in a form acceptable to the DIP Lender and the Obligors, by no later than October 27, 2023, (i) approving this Amendment and (ii) approving the DIP Lenders’ Charge as contemplated by the DIP Facility Term Sheet.

## 5. GENERAL PROVISIONS

- 5.1 **Headings Etc.** The including of headings in this Amendment is for convenience of reference only and does not affect the construction or interpretation hereof.
- 5.2 **Governing Law.** This Amendment is governed by and is to be construed and interpreted with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 5.3 **Assignment.** This Amendment enures to the benefit of and is binding upon the parties and their respective successors and permitted assigns.
- 5.4 **Conflicts.** If, after the date of this Amendment, any provision of this Amendment is inconsistent with any provision of the DIP Facility Term Sheet, the relevant provision of this Amendment shall prevail.
- 5.5 **DIP Credit Documentation.** This Amendment constitutes DIP Credit Documentation for all purposes under the DIP Facility Term Sheet.
- 5.6 **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original agreement and all of which shall constitute one agreement. All counterparts shall be construed together and shall constitute one and the same agreement. This Amendment, to the extent signed and delivered by means of electronic transmission (including, without limitation, facsimile and Internet transmissions), shall be treated in all manner and respects as an original agreement and should be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

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**IN WITNESS WHEREOF** the parties hereto have executed this Amendment as of the date first written above.

**ALEAFIA HEALTH INC.**

By: /s/ "Tricia Symmes"

\_\_\_\_\_  
Name: Tricia Symmes

Title: Chief Executive Officer

I have the authority to bind the corporation.

**EMBLEM CANNABIS CORPORATION**

By: /s/ "Tricia Symmes"

\_\_\_\_\_  
Name: Tricia Symmes

Title: Chief Executive Officer

I have the authority to bind the corporation.

**ALEAFIA FARMS INC.**

By: /s/ "Tricia Symmes"

\_\_\_\_\_  
Name: Tricia Symmes

Title: Chief Executive Officer

I have the authority to bind the corporation.

**EMBLEM CORP.**

By: /s/ "Tricia Symmes"

\_\_\_\_\_  
Name: Tricia Symmes

Title: Chief Executive Officer

I have the authority to bind the corporation.

**CANABO MEDICAL CORPORATION**

By: /s/ "Tricia Symmes"

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Name: Tricia Symmes

Title: Chief Executive Officer

I have the authority to bind the corporation.

**ALEAFIA INC.**

By: /s/ "Tricia Symmes"

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Name: Tricia Symmes

Title: Chief Executive Officer

I have the authority to bind the corporation.

**EMBLEM REALTY LTD.**

By: /s/ "Tricia Symmes"

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Name: Tricia Symmes

Title: Chief Executive Officer

I have the authority to bind the corporation.

**GROWWISE HEALTH LIMITED.**

By: /s/ "Tricia Symmes"

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Name: Tricia Symmes

Title: Chief Executive Officer

I have the authority to bind the corporation.

**RED WHITE & BLOOM BRANDS INC.**

By: /s/ "Eddie Mattei"

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Name: Eddie Mattei

Title: Chief Financial Officer

I have the authority to bind the corporation.