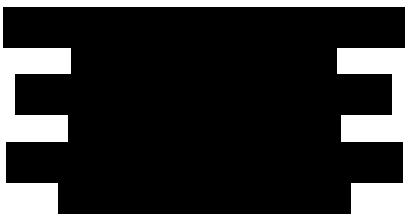


**IKÄNIK FARMS INC.  
SUBSCRIPTION AGREEMENT FOR COMMON SHARES (NON-BROKERED)**

**(For U.S. Purchasers and Non-Canadian Subscribers)**

<b>HAVE YOU COMPLETED THIS SUBSCRIPTION AGREEMENT PROPERLY?</b> The following items in this Subscription Agreement must be completed as directed.  (Please initial or mark “N/A” in each box, as applicable)	
<b><u>All Subscribers</u></b>	
<input type="checkbox"/>	All Subscriber information in the boxes on pages 3 and 4.
<input type="checkbox"/>	Sign the execution block to this Subscription Agreement on page 3.
<b><u>Subscribers that are U.S. Purchasers (as defined herein)</u></b>	
<input type="checkbox"/>	Complete the U.S. Accredited Investor Status Certificate attached hereto as Schedule “B”, indicating which category is applicable and sign on page B-6.
<b><u>Subscribers NOT Resident in Canada or the United States</u></b>	
<input type="checkbox"/>	Schedule “C” – sign page C-1.

Return this executed Subscription Agreement and all applicable Schedules to:



Payment of the Subscription Amount, should be made to “Cassels Brock & Blackwell LLP, in trust” (at the address indicated above) by wire or other electronic funds transfer in same day freely transferable Canadian dollars in accordance with the instructions for payment set out in Schedule “F” attached to this Subscription Agreement.

**THE SECURITIES TO WHICH THIS SUBSCRIPTION AGREEMENT (THE “SUBSCRIPTION AGREEMENT”) RELATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND WILL BE ISSUED IN RELIANCE UPON AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS PROVIDED BY REGULATION D UNDER THE U.S. SECURITIES ACT AND/OR SECTION 4(a)(2) OF THE U.S. SECURITIES ACT AND OUTSIDE THE UNITED STATES PURSUANT TO REGULATION S UNDER THE U.S. SECURITIES ACT. ACCORDINGLY, THESE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO THE EXCLUSION FROM SUCH REGISTRATION REQUIREMENTS PROVIDED UNDER AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.**

**IKÄNIK FARMS INC.**

**NON-BROKERED SUBSCRIPTION AGREEMENT FOR COMMON SHARES**

**TO: IKÄNIK FARMS INC., and any successor corporation to or of the Corporation, including, for certainty, the Corporation following the completion of the Liquidity Event (as defined herein), as applicable (the “Corporation”)**

The undersigned, on its own behalf and, if applicable, on behalf of a Disclosed Principal (as defined herein) for whom it is acting hereunder (the “**Subscriber**”), hereby irrevocably subscribes for and agrees to purchase from the Corporation such number of common shares of the Resulting Issuer (as defined herein) (each, a “**Common Share**” and collectively, the “**Common Shares**”) as is determined by the Share Calculation (as defined herein) in exchange for the Subscription Amount (as defined herein). The Subscriber agrees to be bound by the terms and conditions set forth in the attached “Terms and Conditions of Subscription for Common Shares”, including, without limitation, the terms, representations, warranties, covenants, certifications and acknowledgements set forth in the applicable Schedules and Exhibits attached thereto. The Subscriber further agrees, without limitation, that the Corporation may rely upon the Subscriber’s representations, warranties, covenants, certifications and acknowledgments contained in such documents.

**SUBSCRIPTION AND SUBSCRIBER INFORMATION**

**Please print all information (other than signatures), as applicable, in the space provided below**

<u>Subscriber Information and Signature</u>	
_____ (Name of Subscriber)	
By: _____ Authorized Signature	
_____ (Official Capacity or Title – if the Subscriber is not an individual)	
_____ (Name of individual whose signature appears above if different than the name of the Subscriber printed above.)	
_____ (Subscriber’s Residential Address, including Municipality and Province or State)	
_____ (Subscriber’s Telephone Number)	_____ (Email Address)

Subscription Amount: US\$30,000,000 (the “ <b>Subscription Amount</b> ”)
(For such number of Common Shares as is determined pursuant to the Share Calculation.)

<b>If the Subscriber is signing as agent or trustee for a principal (a “Disclosed Principal”) and is not purchasing as trustee or agent for accounts fully managed by it, so as to be deemed to be purchasing as principal pursuant to NI 45-106 (as defined herein) complete the following:</b>
_____ (Name of Disclosed Principal)
_____ (Residential Address of Disclosed Principal)
_____ (Telephone Number of Disclosed Principal)
_____ (Account Reference, if applicable)

**Account Registration Information:**

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(Name)

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(Account Reference, if applicable)

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(Address, including Postal or Zip Code)

**Delivery Instructions:**

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(Name)

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(Account Reference, if applicable)

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---

(Address, including Postal or Zip Code)

---

(Telephone Number) (Fax Number)

---

(Contact Name)

**Number and kind of securities of the Corporation held, directly or indirectly, or over which control or direction is exercised by the Subscriber, if any:**

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**State whether Subscriber is an Insider (as defined herein) of the Corporation:**

Yes  No

**State whether Subscriber is a Registrant (as defined herein):**

Yes  No

Execution by the Subscriber above shall constitute an irrevocable offer and agreement by the Subscriber to subscribe for the securities described herein on the terms and conditions herein set out. The Corporation shall be entitled to rely on the delivery of a PDF or facsimile copy of this subscription or a copy delivered by other electronic means, and acceptance by the Corporation of such PDF, facsimile or copy delivered by other electronic means shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms and conditions hereof.

**NOTICE TO NEW YORK RESIDENTS ONLY: THE SECURITIES TO WHICH THIS SUBSCRIPTION AGREEMENT RELATE ARE BEING OFFERED AND SOLD IN A PRIVATE OFFERING AND HAVE NOT BEEN REVIEWED, PASSED ON OR ENDORSED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE CORPORATION HAS TAKEN NO STEPS TO CREATE AN AFTER MARKET FOR THE SECURITIES OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OF OTHERS TO TRADE OR MAKE A MARKET IN THE SECURITIES. AT SOME TIME IN THE FUTURE, THE CORPORATION MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WILL EVER BE A MARKET THEREFOR.**

# TERMS AND CONDITIONS OF SUBSCRIPTION FOR COMMON SHARES

## ARTICLE 1 - INTERPRETATION

### 1.1 Definitions

(a) Whenever used in this Subscription Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and phrases shall have the respective meanings ascribed to them as follows:

“**affiliate**” and “**distribution**” have the respective meanings ascribed to them in the *Securities Act* (Ontario).

“**Business Day**” means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in Toronto, Ontario are not open for business.

“**Closing**” has the meaning ascribed to such term in Section 4.1 of this Subscription Agreement.

“**Closing Date**” has the meaning ascribed to such term in Section 4.1 of this Subscription Agreement.

“**Closing Time**” has the meaning ascribed to such term in Section 4.1 of this Subscription Agreement.

“**Common Shares**” means the common shares in the capital of the Resulting Issuer.

“**Control Person**” means any person that holds or is one of a combination of persons that holds (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer.

“**Corporation**” means Ikänik Farms Inc. and includes any successor corporation to or of the Corporation, including, for certainty, the Resulting Issuer, as applicable.

“**Disclosed Principal**” has the meaning ascribed to such term on page 3 of this Subscription Agreement.

“**Exchange**” means the recognized Canadian stock exchange on which the Corporation’s Common Shares are listed as at the Share Calculation Date.

“**Expiry Date**” has the meaning ascribed to such term on page 3 of this Subscription Agreement.

“**including**” means including without limitation.

“**Insider**” means (a) a director or senior officer of the Corporation (or a subsidiary of the Corporation), (b) any Person who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all voting securities of the Corporation for the time being outstanding, or (c) a director or senior officer of an Insider of the Corporation.

“**Liquidity Event**” means the occurrence of any of the following, which results in the common shares in the capital of the Corporation (or the common shares or equivalent of a resulting issuer) being listed on a recognized Canadian stock exchange:

- (a) the Corporation completing a bona fide public offering of Common Shares under a prospectus filed with securities regulatory authorities in Canada, or under a registration statement filed with securities regulatory authorities in the United States which results in the common shares in the capital of the Corporation being listed on a recognized Canadian stock exchange (a “**Public Offering Transaction**”);
- or

- (b) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction or any other business combination or similar transaction which results in the common shares in the capital of the Corporation (or the common shares or equivalent of the resulting issuer) being listed on a recognized Canadian stock exchange (a **“RTO/Merger Transaction”**);

**“NI 45-106”** means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.

**“Offering”** means the offering of the Common Shares to be issued by the Resulting Issuer pursuant to this Subscription Agreement for aggregate gross proceeds of \$30,000,000.

**“Offshore Certificate”** has the meaning ascribed to such term in Section 4.2(c) of this Subscription Agreement.

**“Person”** includes any individual (whether acting as an executor, trustee administrator, legal representative or otherwise), corporation, firm, partnership, sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization or association, and pronouns have a similar extended meaning.

**“Personal Information”** means any information about a Person (whether an individual or otherwise) and, with respect to the Subscriber, includes information contained in this Subscription Agreement and the Schedules incorporated by reference herein.

**“Presentation”** means the corporate presentation circulated by the Corporation to the Subscriber in connection with the Offering.

**“Public Offering Transaction”** has the meaning ascribed to such term in the definition of “Liquidity Event”.

**“Registrant”** means a dealer, adviser, investment fund manager, an ultimate designated person or chief compliance officer as those terms are used pursuant to Securities Laws, or a person registered or otherwise required to be registered under the Securities Laws.

**“Regulation S”** means Regulation S as promulgated by the SEC.

**“Reorganization”** means any transaction whereby all or substantially all of the undertaking, property and assets of the Corporation would become the property of any other person whether by way of a plan of arrangement, reorganization, consolidation, amalgamation, merger, take-over, other business combination, continuance under any other jurisdiction of incorporation or otherwise.

**“Resulting Issuer”** means the entity immediately following the completion of a Liquidity Event that is a reporting issuer under applicable Canadian Securities Laws.

**“RTO/Merger Transaction”** has the meaning ascribed to such term in the definition of “Liquidity Event”.

**“SEC”** means the United States Securities and Exchange Commission.

**“Securities Commissions”** means the securities regulatory authorities in any of the Selling Jurisdictions, Ontario and British Columbia.

**“Securities Laws”** means, as applicable, the securities laws, regulations, rules, rulings and orders in each of the Selling Jurisdictions, Ontario and British Columbia, the applicable policy statements, notices, blanket rulings, orders and all other regulatory instruments of the securities regulators in each of the Selling Jurisdictions, Ontario and British Columbia.

**“Selling Jurisdictions”** means the jurisdictions of the United States and outside of Canada and the United States on a private placement or equivalent basis in accordance with applicable laws, provided that such laws permit

offers and sales of the Common Shares on a private placement basis and without any obligation on the part of the Corporation to prepare or file any registration statement, prospectus or other disclosure document and without triggering any disclosure obligations or submission to the jurisdiction on the part of the Corporation, or as agreed upon by the Corporation.

“**Share Amount**” has the meaning ascribed to such term in Section 3.3(a) of this Subscription Agreement.

“**Share Calculation**” has the meaning ascribed to such term in Section 3.3(a) of this Subscription Agreement.

“**Share Calculation Date**” has the meaning ascribed to such term in Section 3.3(b) of this Subscription Agreement.

“**Share Amount**” has the meaning ascribed to such term in Section 3.3(c) of this Subscription Agreement.

“**Subscriber**” means the subscriber for the Common Shares as set out on page 3 of this Subscription Agreement and includes, as applicable, each Disclosed Principal for whom it is acting.

“**Subscription Agreement**” means this subscription agreement (including any Schedules hereto) and any instrument amending this Subscription Agreement; “**hereof**”, “**hereto**”, “**hereunder**”, “**herein**” and similar expressions mean and refer to this Subscription Agreement and not to a particular Article or Section; and the expression “**Article**” or “**Section**” followed by a number means and refers to the specified Article or Section of this Subscription Agreement.

“**Subscription Amount**” has the meaning ascribed to such term on page 3 of this Subscription Agreement.

“**Term Sheet**” means the term sheet delivered to potential purchasers of Common Shares included in Schedule “A”.

“**Trading Day**” means a business day during which trades are executed on the Exchange.

“**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“**U.S. Accredited Investor Status Certificate**” has the meaning ascribed to such term in Section 4.2(b) of this Subscription Agreement.

“**U.S. Exchange Act**” means the United States Securities Exchange Act of 1934, as amended.

“**U.S. Person**” means a “U.S. person” as such term is defined in Regulation S under the U.S. Securities Act.

“**U.S. Purchaser**” means a subscriber that (i) is resident in the United States, (ii) is a U.S. Person or is subscribing for the account or benefit of a U.S. Person, (iii) was made an offer to purchase the Common Shares while in the United States or (iv) is, or its authorized signatory is, in the United States when the buy order for the Common Shares originated or when this Agreement is executed.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

## **1.2 Gender and Number**

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine gender and words importing persons shall include firms and corporations and vice versa.

### **1.3 Currency**

Unless otherwise specified, all dollar amounts in this Subscription Agreement and the Schedules, including the symbol “\$”, are expressed in United States dollars.

### **1.4 Subdivisions and Headings**

The division of this Subscription Agreement into Articles, Sections, Schedules and other subdivisions and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Subscription Agreement. The headings in this Subscription Agreement are not intended to be full or precise descriptions of the text to which they refer. Unless something in the subject matter or context is inconsistent therewith, references herein to an Article, Section, Subsection, paragraph, clause or Schedule are to the applicable article, section, subsection, paragraph, clause or schedule of this Subscription Agreement.

## **ARTICLE 2 - SCHEDULES**

### **2.1 Description of Schedules**

The following are the Schedules attached to and incorporated in this Subscription Agreement by reference and deemed to be a part hereof:

Schedule “A”	-	Term Sheet
Schedule “B”	-	U.S. Accredited Investor Status Certificate
Schedule “C”	-	Offshore Certificate
Schedule “D”	-	Certain Key Business and Industry Risk Factors
Schedule “E”	-	Contact Information for Canadian Securities Commissions
Schedule “F”	-	Wire Transfer Instructions

## **ARTICLE 3 - SUBSCRIPTION AND DESCRIPTION OF THE COMMON SHARES**

### **3.1 Subscription for the Common Shares**

- (a) The Subscriber hereby confirms its irrevocable subscription for and offer to purchase from the Corporation such number of Common Shares as is determined pursuant to the Share Calculation, on and subject to the terms and conditions set out in this Subscription Agreement, for the Subscription Amount which is payable as described in Article 4 hereto.
- (b) The Common Shares have not been and will not be registered under the U.S. Securities Act or the applicable securities laws of any state in the United States.
- (c) The board of directors of the Resulting Issuer shall, if applicable, make adjustments from time to time to the number of Common Shares in which the Subscriber is entitled to pursuant to this Subscription Agreement to maintain the economic equivalency of the Common Shares following the Liquidity Event. In such circumstances, the Resulting Issuer will provide notice to the Subscriber and any such adjustment and any such adjustment will be binding upon the Resulting Issuer and the Subscriber absent manifest error.

### **3.2 Acceptance and Rejection of Subscription by the Corporation**

The Subscriber acknowledges and agrees that the Corporation reserves the right, in its absolute discretion, to reject this subscription for Common Shares, in whole or in part, at any time prior to the Closing Time. The Corporation will be deemed to have accepted this offer upon: (a) the Corporation’s execution of the acceptance form of this Subscription Agreement and (b) the delivery (or deposit) of the Common Shares purchased hereunder (if any). If this subscription is rejected in whole, any payment delivered by the Subscriber representing

the Subscription Amount pursuant to this Subscription Agreement, will be promptly returned to the Subscriber without interest or deduction. If this subscription is accepted only in part, a cheque representing any refund of the Subscription Amount for that portion of the subscription for the Common Shares which is not accepted will be promptly returned to the Subscriber without interest or deduction.

### **3.3 Calculation of the Share Amount.**

- (a) The amount of Common Shares for which the Subscriber is to receive for the Subscription Amount payable pursuant to this Subscription Agreement (the “**Share Amount**”) shall be determined in accordance with the provisions of this Section 3.3 (the “**Share Calculation**”).
- (b) Beginning on the fifteenth (15<sup>th</sup>) Business Day following the occurrence of a Liquidity Event, the Corporation shall set the date for which the Share Calculation is to take place (the “**Share Calculation Date**”) by providing a written notice to the Subscriber no earlier than 5:00 p.m. (Toronto time) and no later than 11:59 p.m. (Toronto time) on the Share Calculation Date, provided that the Share Calculation Date shall be no later than the date that is forty-five (45) days following the occurrence of a Liquidity Event.
- (c) Subject to receipt of all regulatory and shareholder approvals, as applicable, the Share Amount shall be equal to the Subscription Amount divided by 90% of the volume weighted average price per Common Share during the ten (10) consecutive Trading Days immediately prior to the Share Calculation Date (the “**Share Price**”), provided that the Share Price shall not be lower than the amount permitted pursuant to the policies of the Exchange.

## **ARTICLE 4 - CLOSING**

### **4.1 Closing**

Delivery and sale of the Common Shares against for payment of the aggregate Subscription Amount will be completed (the “**Closing**”) at the offices of the Corporation’s counsel, Cassels Brock & Blackwell LLP, in Toronto, Ontario at 9:00 a.m. (Toronto time) (the “**Closing Time**”) on such date and time as the Corporation may determine and, in any event, no later than the date that is ten (10) Business Days following the Share Calculation Date (the “**Closing Date**”). If, on or prior to the Closing Time, the terms and conditions contained in this Subscription Agreement have been complied with to the satisfaction of the Corporation, or waived by the Corporation, the Subscriber shall deliver such other documentation as may be required pursuant to this Subscription Agreement to the Corporation and payment of the aggregate Subscription Amount in accordance with the terms hereof for all of the Common Shares sold hereunder against delivery by the Corporation of the certificates representing, or such other evidence of the issuance of, the Common Shares.

If, prior to the Closing Time, the terms and conditions contained in this Subscription Agreement (other than the delivery by the Corporation of the certificates representing, or such other evidence of the issuance of, the representing the Common Shares) have not been complied with to the satisfaction of the Corporation, or waived by the Corporation, as applicable, the Corporation and the Subscriber will have no further obligations under this Subscription Agreement.

### **4.2 Conditions of Closing**

The Subscriber acknowledges and agrees that the Corporation is relying on the truth of the representations and warranties of the Subscriber contained in this Subscription Agreement as of the date of this Subscription Agreement, and as of the Closing Time as if made at and as of the Closing Time, and the fulfillment of the following additional conditions prior to the Closing Time:

- (a) the Subscriber having delivered a properly completed and signed Subscription Agreement (including all applicable Schedules and Exhibits hereto) at the address on the cover page, and



having made payment arrangements for the Subscription Amount in a manner acceptable to the Corporation;

- (b) **if the Subscriber is a U.S. Purchaser**, the Subscriber having properly completed, signed and delivered Schedule “B” (the “**U.S. Accredited Investor Status Certificate**”);
- (c) **if the Subscriber is not a resident of the United States when this offer to purchase Common Shares was received or signed**, the Subscriber having properly completed, signed and delivered Schedule “C” (the “**Offshore Certificate**”);
- (d) the Subscriber having executed and returned to the Corporation, at the Corporation’s request, all other documents as may be required by the Securities Laws for delivery by the Corporation on behalf of the Subscriber;
- (e) the Corporation having completed a Liquidity Event by no later than December 31, 2021;
- (f) the Corporation having obtained all necessary approvals and consents, including regulatory approvals and the approval of the Exchange in respect of the Offering;
- (g) the representations and warranties of the Subscriber set forth herein being true and correct as of the Closing Time;
- (h) all covenants and agreements contained herein to be performed by the Subscriber (including, if applicable, each Disclosed Principal) on or prior to the Closing Time shall have been performed or complied with in all material respects; and
- (i) the issue and sale of the Common Shares being exempt from the requirement to file a prospectus and the requirement to deliver an offering memorandum under applicable securities legislation relating to the sale of the Common Shares, or the Corporation having received such orders, consents or approvals as may be required to permit such sale without the requirement to file a prospectus or deliver an offering memorandum.

## **ARTICLE 5 - ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE SUBSCRIBER**

### **5.1 Acknowledgements, Representations, Warranties and Covenants of ALL Subscribers**

The Subscriber, on its own behalf and, if applicable, on behalf of each Disclosed Principal for whom it is acting hereunder, hereby represents, warrants to, acknowledges and covenants with, the Corporation as follows and acknowledges that the Corporation is relying on such acknowledgements, representations, warranties and covenants in connection with the transactions contemplated herein:

- (a) The Subscriber confirms that it:
  - (i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Common Shares, including the potential loss of its entire investment;
  - (ii) is aware of the characteristics of the Common Shares and understands the risks relating to an investment therein; and
  - (iii) is able to bear the economic risk of loss of its entire investment in the Common Shares.
- (b) The Subscriber is resident, or if not an individual has its head office, in the jurisdiction set out on page 3 of this Subscription Agreement and intends that the Securities Laws of that jurisdiction

govern the Subscriber's subscription. Such address was not created and is not used solely for the purpose of acquiring the Common Shares and the Subscriber was solicited to purchase in only such jurisdiction.

- (c) The execution and delivery of this Subscription Agreement, the performance and compliance with the terms hereof, the subscription for the Common Shares and the completion of the transactions described herein by the Subscriber will not result in any material breach of, or be in conflict with or constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws or resolutions of the Subscriber, if applicable, the Securities Laws or any other laws applicable to the Subscriber, any agreement to which the Subscriber is a party, or any judgment, decree, order, statute, rule or regulation applicable to the Subscriber.
- (d) The Subscriber is subscribing for the Common Shares as principal for its own account and not for the benefit of any other Person (within the meaning of applicable Securities Laws) or if it is not subscribing as principal it is acting as trustee or agent for a Disclosed Principal (whose identity is disclosed on page 3 of this Subscription Agreement) who is purchasing as principal for its own account and not for the benefit of any other Person.
- (e) If the Subscriber is contracting hereunder as trustee or agent for a fully managed account (including for greater certainty, a portfolio manager or comparable advisor) or as trustee or agent for a Disclosed Principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription and if the Subscriber is acting as trustee or agent for a Disclosed Principal, who is subscribing as principal for its own account and not for the benefit of any other Person, this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of and constitutes a legal, valid and binding agreement of such Disclosed Principal and the Subscriber acknowledges that the Corporation may be required by applicable laws to disclose to certain regulatory authorities the identity of such Disclosed Principal for whom it is acting.
- (f) In the case of a subscription for the Common Shares by the Subscriber acting as principal for its own account and not for the benefit of any other Person (within the meaning of applicable Securities Laws), this Subscription Agreement has been duly authorized, executed and delivered by, and constitutes a legal, valid and binding agreement of the Subscriber. This Subscription Agreement is enforceable in accordance with its terms against the Subscriber.
- (g) If the Subscriber is:
  - (i) a corporation, the Subscriber is duly incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to execute and deliver this Subscription Agreement, to subscribe for the Common Shares as contemplated herein and to carry out and perform its covenants and obligations under the terms of this Subscription Agreement and has obtained all necessary approvals in respect thereof, and the individual signing this Subscription Agreement has been duly authorized to execute and deliver this Subscription Agreement;
  - (ii) a partnership, syndicate or other form of unincorporated organization, the Subscriber has the necessary legal capacity and authority to execute and deliver this Subscription Agreement, to subscribe for the Common Shares as contemplated herein and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof and the individual signing this Subscription Agreement has been duly authorized to execute and deliver this Subscription Agreement; or

- (iii) an individual, the Subscriber is of the full age of majority in his or her jurisdiction of residence and is legally competent to execute, deliver and be bound by the terms of this Subscription Agreement, to subscribe for the Common Shares contemplated herein and to observe and perform his or her covenants and obligations hereunder.

If the Subscriber, or any Disclosed Principal, is a corporation or a partnership, syndicate, trust association, or any other form of unincorporated organization or organized group of persons, the Subscriber or such Disclosed Principal was not created or being used solely to permit purchases of or to hold securities without a prospectus in reliance on a prospectus exemption.

- (h) There is no Person acting or purporting to act in connection with the transactions contemplated herein who is entitled to any brokerage or finder's fee.
- (i) The Subscriber is not, with respect to the Corporation or any of its affiliates, a Control Person and the subscription hereunder by the Subscriber will not create a new Control Person.
- (j) The Subscriber is not acting jointly or in concert with any other subscriber in connection with the Offering for the purpose of the acquisition of the Common Shares.
- (k) If required by applicable Securities Laws or the Corporation, the Subscriber will execute, deliver and file or assist the Corporation in filing such reports, undertakings and other documents with respect to the issue of the Common Shares as may be required by any applicable securities commission, stock exchange or other regulatory authority.
- (l) The Subscriber has been advised to consult its own legal, tax and financial advisors with respect to subscription for Common Shares and the execution, delivery and performance by it of this Subscription Agreement and the transactions contemplated herein, and with respect to the hold periods imposed by the Securities Laws of the Selling Jurisdiction in which the Subscriber resides and other applicable Securities Laws, and acknowledges that no representation has been made by the Corporation respecting the applicable hold periods imposed by the Securities Laws or other resale restrictions applicable to such Common Shares which restrict the ability of the Subscriber (or others for whom it is contracting hereunder) to resell such Common Shares, that the Subscriber (or others for whom it is contracting hereunder) is solely responsible to find out what these restrictions are, that the Subscriber is solely responsible (and that the Corporation is in no way responsible) for compliance with applicable resale restrictions and that the Subscriber (or others for whom it is contracting hereunder) is aware that it may not resell such Common Shares except in accordance with limited exemptions under the Securities Laws and other applicable Securities Laws and in accordance with the Corporation's constating documents.
- (m) The Subscriber has not received or been provided with a prospectus, offering memorandum (within the meaning of the Securities Laws) or any sales or advertising literature in connection with the Offering or any document purporting to describe the business and affairs of the Corporation which has been prepared for review by prospective purchasers to assist in making an investment decision in respect of the Common Shares and the Subscriber's decision to subscribe for the Common Shares was not based upon, and the Subscriber has not relied upon, any oral or written representations as to facts made by or on behalf of the Corporation, or any employee, agent or affiliate thereof or any other person associated therewith, except as set forth herein. The Subscriber's decision to subscribe for the Common Shares was based solely upon this Subscription Agreement (including the Term Sheet) and any information about the Corporation which is publicly available.
- (n) No Person has made any written or oral representations:

- (i) that any Person will resell or repurchase the Common Shares;
  - (ii) that any Person will refund all or any part of the Subscription Amount;
  - (iii) as to the future price or value of the Common Shares; or
  - (iv) that the Corporation is or will become a reporting issuer or the equivalent in any jurisdiction or that any of the Common Shares are or will be listed on the TSX Venture Exchange, The Toronto Stock Exchange, the Canadian Securities Exchange or any other nationally recognized exchange.
- (o) The Subscriber acknowledges and agrees that the Corporation is not a reporting issuer in the United States under the U.S. Exchange Act or in any jurisdiction of Canada and the Corporation cannot and is not representing that any of the Common Shares are or will be listed on the TSX Venture Exchange, The Toronto Stock Exchange, the Canadian Securities Exchange or any other exchange and no market exists for the securities of the Corporation;
- (p) The Subscriber is not purchasing the Common Shares with knowledge of any material information concerning the Corporation that has not been generally disclosed.
- (q) The subscription for the Common Shares has not been made through or as a result of, and the distribution of the Common Shares is not being accompanied by any advertisement, including without limitation in printed public media, radio, television or telecommunications, including electronic display, or as part of a general solicitation.
- (r) The funds representing the Subscription Amount which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “**PCMLTFA**”), the United Kingdom’s *Proceeds of Crime Act 2002* (the “**POCA**”) or the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the “**PATRIOT Act**”), and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber’s name and other information relating to this Subscription Agreement and the Subscriber’s subscription hereunder, on a confidential basis, pursuant to the PCMLTFA, POCA or the PATRIOT Act. To the best of its knowledge (a) none of the subscription funds to be provided by the Subscriber (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada, the United States or any other jurisdiction, or (ii) are being tendered on behalf of a Person or entity who has not been identified to the Subscriber, and (b) the Subscriber shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith.
- (s) The Subscriber understands that the Common Shares issued pursuant to the Offering will be common shares in the capital of the Resulting Issuer following the completion of a Liquidity Event and Ikänik Farms Inc. has the right to assign all or any part of any interest or obligation, whether legal or beneficial, in this Subscription Agreement to the Resulting Issuer following the completion of the Liquidity Event.
- (t) The Subscriber (i) has received and reviewed a copy of the Term Sheet setting out the principal terms of the Offering and (ii) has had the opportunity to ask and have answered any and all questions which the Subscriber wished to have answered with respect to the subscription for the Common Shares made hereunder.

- (u) The Subscriber is not relying upon any person to conduct any due diligence investigation on behalf of the Subscriber concerning the Offering, the Common Shares or the Corporation's business, management, financial position or condition.
- (v) The offer of the Common Shares does not constitute a recommendation to purchase the Common Shares or financial product advice and the Subscriber acknowledges that the Corporation has not had regard to the Subscriber's particular objectives, financial situation or needs.
- (w) There are risks associated with the purchase of the Common Shares and the Subscriber is capable of bearing the economic risk of the investment and no securities commission, agency, governmental authority, regulatory body, stock exchange or similar regulatory authority has reviewed or passed on the merits of Common Shares nor have any such agencies or authorities made any recommendations or endorsement with respect to the Common Shares.
- (x) The Subscriber has reviewed and acknowledges the business and industry risk factors relating to the Corporation and its business as listed in Schedule "D" attached hereto and acknowledges that such risks listed do not represent a complete list of the risks relating to the purchase of the Common Shares or the business of the Corporation.
- (y) The Common Shares may be, subject to statutory resale restrictions under the Securities Laws of the Selling Jurisdiction in which the Subscriber resides and under other applicable Securities Laws, and the Subscriber covenants that it will not resell the Common Shares except in compliance with such laws and the Subscriber acknowledges that it is solely responsible (and neither the Corporation nor the Underwriters are in any way responsible) for such compliance.
- (z) The Subscriber's ability to transfer the Common Shares is limited by, among other things, applicable Securities Laws.
- (aa) There are restrictions on the ability to resell the this Subscription Agreement and the Common Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Subscription Agreement or Common Shares and such securities may not be resold under Canadian Securities Laws until after the expiry of the applicable "hold" or "restricted" period attaching to such securities unless sold pursuant to an exemption under applicable Securities Laws.
- (bb) The Corporation is relying on an exemption from the requirement to provide the Subscriber with a prospectus under the Securities Laws and, as a consequence of acquiring the Common Shares pursuant to such exemption:
  - (i) certain protections, rights and remedies provided by the Securities Laws, including statutory rights of rescission, or damages and certain statutory remedies against an issuer, underwriters, auditors, directors and officers that are available to investors who acquire securities offered by a prospectus, will not be available to the Subscriber,
  - (ii) the common law may not provide investors with an adequate remedy in the event that they suffer investment losses in connection with securities acquired in a private placement,
  - (iii) the Subscriber may not receive information that would otherwise be required to be given under the Securities Laws, and
  - (iv) the Corporation is relieved from certain obligations that would otherwise apply under the Securities Laws.

- (cc) In purchasing the Common Shares, the Subscriber has relied solely upon this Subscription Agreement and publicly available information relating to the Corporation, not upon any verbal or written representation as to any fact or otherwise made by or on behalf of the Corporation or any of its directors, officers, employees, agents or representatives. Subscriber is aware that the Corporation does not have a mature financial reporting capacity and any financial data that may have been made available has not been reviewed by anyone other than the Corporation. Although the Corporation does not believe that any such financial data is inaccurate or misleading, the Corporation provides no representation or warranty with respect to any such financial data and Subscriber may not rely on any such financial data in making a determination to purchase Units.
- (dd) The offer, issuance, sale and delivery of the Common Shares is conditional upon such sale being exempt from the prospectus filing or registration requirements and the requirement to deliver an offering memorandum in connection with the distribution of the Common Shares under the Securities Laws of the Selling Jurisdictions, Ontario and British Columbia or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus.
- (ee) The Corporation may complete additional financings concurrently with the Offering or in the future in order to develop the business of the Corporation and fund its ongoing development, and such concurrent or future financings may have a dilutive effect on current shareholders or securityholders of the Corporation, including the Subscriber. However, there is no assurance that any future financings will be available, on reasonable terms or at all, and if not so available, could have a material adverse effect on the Corporation's business, financial condition, performance or prospects.
- (ff) The Subscriber is responsible for obtaining such legal, financial and tax advice as it considers appropriate in connection with the execution, delivery and performance of this Subscription Agreement and the transactions contemplated under this Subscription Agreement.
- (gg) This offer to subscribe is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber without the consent of the Corporation.
- (hh) There is no government or other insurance covering the Common Shares.
- (ii) Legal counsel retained by the Corporation is acting as counsel to the Corporation, and not as counsel to the Subscriber. No legal counsel has conducted any independent review of the Corporation, its business or operations or its prospects. In making a determination to purchase the Common Shares, Subscriber is not relying on any such review by anyone other than Subscriber and the Corporation.
- (jj) The Subscriber is aware that the Corporation is not a reporting issuer in the United States or in any province or territory of Canada.

## **5.2 Further Acknowledgements, Representations, Warranties and Covenants of Subscribers who ARE a U.S. Purchaser**

The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting), which is a U.S. Person, was offered the Common Shares in the United States, or which signed this Subscription Agreement in the United States, represents, warrants, covenants and acknowledges to the Corporation (and acknowledges that the Corporation is relying thereon) at each of the date hereof and the Closing Time that:

- (a) The Subscriber is resident in the United States, a U.S. Person or is acquiring the Common Shares for the account or benefit of a U.S. Person or a Person in the United States.

- (b) The Subscriber has properly completed, executed and delivered to the Corporation this Subscription Agreement and Schedule “B” (the U.S. Accredited Investor Status Certificate), and the acknowledgements, representations, warranties, covenants and information contained herein and therein are true and correct as of the date hereof and will be true and correct as of the Closing Time and if less than a complete copy of this Subscription Agreement is delivered to the Corporation, the Corporation and its advisors are entitled to assume that the Subscriber accepts and agrees to all the terms and conditions of the pages not delivered, unaltered.

**5.3 Further Acknowledgements, Representations, Warranties and Covenants of Subscribers who are NOT U.S. Purchasers and who were NOT in Canada and NOT resident in Canada when this offer to purchase Common Shares was received or signed**

The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting), which is not a U.S. Purchaser, represents, warrants, covenants and acknowledges to the Corporation (and acknowledges that the Corporation is relying thereon) at each of the date hereof and the Closing Time that:

- (a) The Subscriber is not resident in the United States, a U.S. Person and is not acquiring the Common Shares for the account or benefit of a U.S. Person or a Person in the United States.
- (a) The Subscriber has properly completed, executed and delivered to the Corporation this Subscription Agreement and Schedule “C” (the Offshore Certificate), and the acknowledgements, representations, warranties, covenants and information contained herein and therein are true and correct as of the date hereof and will be true and correct as of the Closing Time and if less than a complete copy of this Subscription Agreement is delivered to the Corporation, the Corporation and its advisors are entitled to assume that the Subscriber accepts and agrees to all the terms and conditions of the pages not delivered, unaltered.
- (b) The Common Shares have not been offered to the Subscriber in the United States, and the individuals making the order to purchase the Common Shares and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered.
- (c) The Subscriber is not purchasing the Common Shares as a result of any “directed selling efforts” (as defined in Regulation S under the U.S. Securities Act) related to the Common Shares in United States.
- (d) The Subscriber represents and warrants that, to its knowledge, the offer, sale and issuance of the Common Shares to the Subscriber under this Agreement is not a transaction, or part of a chain of transactions which, although in technical compliance with an available exemptions under the U.S. Securities Act, is part of a plan or scheme to evade the registration requirements of the U.S. Securities Act.
- (e) The Subscriber undertakes and agrees that it will not offer or sell any of the Common Shares or the securities comprising the Common Shares in the United States or to, or for the account or benefit of, a U.S. Person or person in the United States unless such securities are registered under the U.S. Securities Act and the Securities Laws of all applicable states of the United States, or an exemption from such registration requirement is available.
- (f) The Subscriber is knowledgeable of, or has been independently advised as to, the applicable Securities Laws of the country that the Subscriber is resident in (the “**International Jurisdiction**”) which would apply to this Subscription Agreement, if any.

- (g) The Subscriber is purchasing the Common Shares pursuant to exemptions from any prospectus, registration or similar requirements under the applicable Securities Laws of that International Jurisdiction or, if such is not applicable, the Subscriber is permitted to purchase the Common Shares under the applicable Securities Laws of the International Jurisdiction without the need to rely on an exemption.
- (h) The applicable Securities Laws of the International Jurisdiction in which the Subscriber resides do not require the Corporation to prepare and file a prospectus, registration statement or similar document or to be registered with or to file any report or notice with any governmental or regulatory authority or to register the Common Shares or the securities comprising the Common Shares or to otherwise comply with any continuous disclosure obligations under the applicable Securities Laws of the International Jurisdiction or to make any filings or seek any approvals of any kind whatsoever from any regulatory authority of any kind whatsoever in the International Jurisdiction.
- (i) The delivery of this Subscription Agreement, the acceptance of it by the Corporation and the issuance of the Common Shares to the Subscriber complies with all applicable laws of the Subscriber's jurisdiction of residence or domicile and all other applicable laws and will not cause the Corporation to become subject to or comply with any disclosure, prospectus or other offering document or reporting requirements under any such applicable laws.
- (j) The Subscriber will, if requested by the Corporation or its counsel, deliver to the Corporation a certificate or opinion of local counsel from the International Jurisdiction in which the Subscriber resides which will confirm the matters referred to in subsections (d), (g) and (h) above to the satisfaction of the Corporation and its counsel, acting reasonably.
- (k) In addition, if the Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable Securities Laws of a member state ("**Member State**") of the European Economic Area ("**EEA**") which has implemented Directive 2003/71/EC (the "**Prospectus Directive**") other than the United Kingdom, the Subscriber (as principal for its own account or acting as agent for a Disclosed Principal who is disclosed on page 3 of the Subscription Agreement) represents and warrants that it is either:
  - (i) (1) a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and (2) is not acting as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, or, if so acting (i) the Common Shares which it proposes to acquire are not being acquired on behalf of, nor are they being acquired with a view to their offer or resale to, persons in a Member State of the EEA other than qualified investors as defined in the Prospectus Directive or persons who have agreed to purchase at least €50,000 worth of Common Shares; or (ii) where it proposes to acquire Common Shares on behalf of persons in a Member State of the EEA other than qualified investors or persons who have agreed to purchase at least €50,000 worth of Common Shares, the offer of those Common Shares to it is not treated under the Prospectus Directive as having been made to such persons; or
  - (ii) not a qualified investor within the meaning of the law in that Member State of the EEA which implements Article 2(1)(e) of the Prospectus Directive; and is purchasing at least €50,000 worth of Common Shares (collectively, a "**permitted participant**").

In addition, if the Subscriber, or any other purchaser for whom it is acting hereunder, is resident in or otherwise subject to applicable Securities Laws of the United Kingdom:



- (i) (a) the Subscriber is either: (1) purchasing the Common Shares as principal for its own account, (2) acting as agent for a Disclosed Principal who is disclosed on page 3 of the Subscription Agreement and who is purchasing the Common Shares as principal for its own account; or (3) purchasing the Common Shares on behalf of discretionary client(s) in circumstances where section 86(2) of the Financial Services and Markets Act 2000 (“FSMA”) applies;
- (ii) the Subscriber (and if the Subscriber is purchasing as agent for a Disclosed Principal, the Disclosed Principal) is a person in the United Kingdom who: (1) is a permitted participant, (2) is a “qualified investor” for the purposes of section 86(7) of the FSMA, (3) is such a person as is referred to in Article 19 (investment professionals) or Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005; and (4) has complied with and undertakes to comply with all applicable provisions of the FSMA and other applicable Securities Laws with respect to anything done by it in relation to the Common Shares in, from or otherwise involving the United Kingdom; and

it confirms that, to the extent applicable to it, it is aware of, has complied and will comply with its obligations in connection with the Criminal Justice Act 1993, the Proceeds of Crime Act 2002 and Part VIII of the FSMA, it has identified its clients in accordance with the Money Laundering Regulations 2003 (the “Regulations”) and has complied fully with its obligations pursuant to the Regulations and will, as a condition precedent of any acceptance of this subscription, provide all such information and documents as may be required in relation to it (or any person on whose behalf it is acting as agent) that may be required by the Corporation or any agent or person acting for it in order to discharge any obligations under the Regulations.

#### **5.4 Further Acknowledgements of the Subscriber**

The Subscriber hereby acknowledges, agrees and consents to: (a) the disclosure of Personal Information to each of the Corporation, a stock exchange, securities regulatory authorities, the Canada Revenue Agency or other taxing authorities, and any of the other parties involved in the Offering, including legal counsel to the Corporation, and that Personal Information may be included in record books in connection with the Offering; and (b) the collection, use and disclosure of Personal Information by the Corporation for corporate finance and shareholder communication purposes or such other purposes as are necessary to the Corporation’s business, including, without limitation, determining the Subscriber’s eligibility to purchase the Common Shares under the Securities Laws and other applicable Securities Laws and completing filings required by any stock exchange or securities regulatory authority. The Subscriber also consents to the filing of copies or originals of any of the Subscriber’s documents described herein as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby. The Subscriber represents and warrants that it has the authority to provide the consents and acknowledgements set out in this Section on behalf of each Disclosed Principal, as applicable.

The Subscriber hereby acknowledges and consents to the collection, use and disclosure of Personal Information by the applicable provincial securities commission, including the publishing or otherwise making available to the public Personal Information including, for individuals, their name, number and type of securities purchased, the purchase price therefor and their insider or registrant status, if applicable, and for non-individual Subscribers, the above information and their address, contact person name and telephone number and the exemption relied upon. The Subscriber acknowledges and agrees that the Subscriber has been notified by the Corporation, (i) of the delivery to securities regulatory authorities of Personal Information pertaining to the Subscriber included in Schedule 1 and 2 (if any) of Form 45-106F1, including, without limitation, the full name, residential address and telephone number of the Subscriber, the number and type of securities purchased and the total purchase price paid in respect of the Common Shares, (ii) that this information is being collected indirectly by securities regulatory authorities under the authority granted to it in applicable securities legislation, (iii) that this information is being collected for the purposes of the administration and enforcement of such securities

legislation and (iv) that the title, business address and business telephone number of the public official in each of the provinces of Canada who can answer questions about the applicable securities regulatory authorities' indirect collection of the information is as listed in Schedule "E" hereto. The Subscriber and any beneficial subscriber consent to such disclosure of its Personal Information.

## **5.5 Reliance on Representations, Warranties, Covenants and Acknowledgements**

The Subscriber acknowledges and agrees that the representations, warranties, covenants and acknowledgements made by the Subscriber in this Subscription Agreement are made with the intention that they may be relied upon by the Corporation and its legal counsel in determining the Subscriber's eligibility (and if applicable, the eligibility of the Disclosed Principal) to purchase the Common Shares. The Subscriber further agrees that by accepting the Common Shares, the Subscriber shall be representing and warranting that such representations, warranties, covenants and acknowledgements are true as at the Closing Time with the same force and effect as if they had been made by the Subscriber at the Closing Time. The Subscriber undertakes to immediately notify the Corporation of any change in any statement or other information relating to the Subscriber set forth herein (including in any applicable Schedule attached hereto) which takes place prior to the Closing Time.

## **ARTICLE 6 - SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **6.1 Survival of Representations, Warranties and Covenants of the Corporation**

The representations, warranties and covenants of the Corporation contained in this Subscription Agreement shall survive the Closing and continue in full force and effect for the benefit of the Subscriber, in each case notwithstanding such Closing or any investigation made by or on behalf of the Subscriber with respect thereto.

### **6.2 Survival of Representations, Warranties and Covenants of the Subscriber**

The representations, warranties and covenants of the Subscriber contained in this Subscription Agreement shall survive the Closing and continue in full force and effect for the benefit of the Corporation, in each case notwithstanding such Closing or any investigation made by or on behalf of the Corporation with respect thereto and notwithstanding any subsequent disposition by the Subscriber of the Common Shares.

## **ARTICLE 7 - MISCELLANEOUS**

### **7.1 Further Assurances**

Each of the parties hereto upon the request of each of the other parties hereto, whether before or after the Closing Time, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may reasonably be necessary or desirable to complete the transactions contemplated herein.

### **7.2 Notices**

- (a) Any notice, direction or other instrument required or permitted to be given to any party hereto shall be in writing and shall be sufficiently given if delivered personally, or transmitted electronically tested prior to transmission to such party, as follows:

- (i) in the case of the Corporation, to:

Ikänik Farms Inc.  
2100 Scotia Plaza, 40 King Street West  
Toronto, ON  
M5H 3C2

[REDACTED]

with copies to:

[REDACTED]

[REDACTED]

- (ii) in the case of the Subscriber, at the address specified on the face page hereof.
- (b) Any such notice, direction or other instrument, if delivered personally, shall be deemed to have been given and received on the day on which it was delivered, provided that if such day is not a Business Day then the notice, direction or other instrument shall be deemed to have been given and received on the first Business Day next following such day and if transmitted electronically, shall be deemed to have been given and received on the day of its transmission, provided that if such day is not a Business Day.
- (c) Any party hereto may change its address for service from time to time by notice given to each of the other parties hereto in accordance with the foregoing provisions.

**7.3 Time of the Essence**

Time shall be of the essence of this Subscription Agreement and every part hereof.

**7.4 Costs and Expenses**

All costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Subscription Agreement and the transactions herein contemplated shall be paid and borne by the party incurring such costs and expenses.

**7.5 Applicable Law; Dispute Resolution**

This Subscription Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the Province of Ontario and the laws of Canada applicable therein. Any and all disputes arising under this Subscription Agreement, whether as to interpretation, performance or otherwise, shall be subject to the non-exclusive jurisdiction of the courts of the Province of Ontario and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of such Province.

**7.6 Entire Agreement**

This Subscription Agreement, including the Schedules hereto, constitutes the entire agreement between the parties with respect to the transactions contemplated herein and cancels and supersedes any prior understandings, agreements, negotiations and discussions between the parties. There are no representations, warranties, terms, conditions, undertakings or collateral agreements or understandings, express or implied, between the parties hereto other than those expressly set forth in this Subscription Agreement or in any such agreement, certificate, affidavit, statutory declaration or other document as aforesaid. This Subscription Agreement may not be amended or modified in any respect except by written instrument executed by each of the parties hereto.

## **7.7 Counterparts**

This Subscription Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same Subscription Agreement. Counterparts may be delivered either in original, PDF or faxed form, and the parties may adopt any signatures received by PDF or a receiving fax machine as original signatures of the parties. If less than a complete copy of this Subscription Agreement is delivered to the Corporation, the Corporation and its advisors are entitled to assume that the Subscriber accepts and agrees to all the terms and conditions of the pages not delivered, unaltered.

## **7.8 Indemnity**

The Subscriber agrees to indemnify and hold harmless the Corporation and its directors, officers, employees, agents, advisers, shareholders and affiliates from and against any and all loss, liability, claim, damage and expense whatsoever (including, but not limited to, any and all fees, costs and expenses whatsoever reasonably incurred in investigating, preparing or defending against any claim, lawsuit, administrative proceeding or investigation whether commenced or threatened) arising out of or based upon any representation or warranty of the Subscriber contained herein or in any document furnished by the Subscriber to the Corporation in connection herewith being untrue in any material respect or any breach or failure by the Subscriber to comply with any covenant or agreement made by the Subscriber herein or in any document furnished by the Subscriber to the Corporation in connection herewith.

## **7.9 Assignment**

Other than the right of Ikänik Farms Inc. to assign this Subscription Agreement to the Resulting Issuer following the completion of a Liquidity Event, this Subscription Agreement may not be assigned by either party except with the prior written consent of the other party hereto.

## **7.10 Enurement**

This Subscription Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, successors (including any successor by reason of the amalgamation or merger of any party), administrators and permitted assigns.

## **7.11 Language**

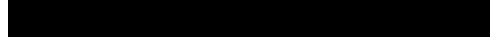
It is the express wish of the Subscriber that the Subscription Agreement and any related documentation be drawn up in English only. Il est de la volonté expresse du souscripteur que la convention de souscription ainsi que tout document connexe soient rédigés en langue anglaise uniquement.

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK**

The Corporation hereby accepts the subscription for Common Shares as set forth on page 3 of this Subscription Agreement on the terms and conditions contained in this Subscription Agreement (including all applicable Schedules) this \_\_\_\_ day of \_\_\_\_\_, 2021.

**IKÄNIK FARMS INC.**

Per:

 \_\_\_\_\_

Authorized Signing Officer

## SCHEDULE "A"

**IKANIK FARMS INC.  
US\$30,000,000.00 IN COMMON SHARES  
(OR OTHER SECURITIES, IF A PORTION OF THE OFFERING IS BROKERED)  
INDICATIVE TERM SHEET**

**NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

*This term sheet (the "Term Sheet") summarizes the principal terms of a proposed offering of US\$30.0 million of common shares of Ikanik Farms Inc.*

*This Term Sheet is for discussion purposes only. This Term Sheet is not intended to represent an "offering memorandum" for purposes of applicable securities legislation. Any investment by the Investor will be in all respects contingent upon and subject to, among other things, satisfactory completion of due diligence and the negotiation of satisfactory documentation.*

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<b>Issuer:</b>	Ikanik Farms Inc. and any successor corporation to or of the Corporation, including, for certainty, following the Liquidity Event (as defined below), as applicable (the "Issuer");
<b>Offering:</b>	Private placement of such number of common shares in the capital of the Issuer (the "Common Shares") as is equal to the gross proceeds of US\$30,000,000 divided by the Issue Price (as defined below) (the "Offering");
<b>Gross Proceeds:</b>	US\$30,000,000;
<b>Issue Price:</b>	90% of the volume weighted average price per Common Share during the ten (10) consecutive Trading Days immediately prior to the applicable share calculation date, provided that the Issue Price shall not be lower than the amount permitted pursuant to the policies of the Exchange (the "Issue Price");
<b>Use of Proceeds:</b>	The net proceeds of the Offering will be used to carry out the business plan of the Issuer as well as for general working capital purposes;
<b>Conditions:</b>	The closing of the Offering shall be conditional upon: (a) the Corporation having completed a Liquidity Event by no later than December 31, 2021; and (b) the Corporation having obtained all necessary approvals and consents, including regulatory approvals in respect of the Offering;

A "Liquidity Event" means the occurrence of any of the following, which results in the Common Shares (or the common shares or equivalent of a resulting issuer) being listed on a recognized Canadian stock exchange: (a) the Corporation completing a bona fide public offering of Common Shares under a prospectus filed with

securities regulatory authorities in Canada, or under a registration statement filed with securities regulatory authorities in the United States which results in the Common Shares being listed on a recognized Canadian stock exchange; or (b) the consummation of any transaction including, without limitation, any consolidation, amalgamation, merger, plan of arrangement, reverse take-over, qualifying transaction or any other business combination or similar transaction which results in the Common Shares (or the common shares or equivalent of the resulting issuer) being listed on a recognized Canadian stock exchange;

**Closing Date:**

The closing of the Offering will occur on such date as determined by the Issuer (the “Closing Date”) up to a maximum of ten (10) business days following the date of calculation of the Issue Price.

**SCHEDULE “B”**  
**U.S. ACCREDITED INVESTOR STATUS CERTIFICATE**  
**TO BE COMPLETED BY U.S. PURCHASERS**

**TO: IKÄNIK FARMS INC. (the “Corporation”)**

All capitalized terms used herein, unless otherwise defined, have the meanings ascribed thereto in the Subscription Agreement to which this U.S. Accredited Investor Status Certificate is attached (the “**Agreement**”).

In addition to the covenants, representations and warranties contained in the Agreement, the undersigned Subscriber covenants, represents, warrants and certifies to the Corporation that the Subscriber:

- (a) is a “U.S. Person” (as that term is defined in Regulation S under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), or is not a U.S. Person but is a person within the “United States” (as that term is defined in Regulation S under the U.S. Securities Act) or was offered Units, or executed or delivered the Agreement, in the United States, or was in the United States at the time the Subscriber’s buy order originated, or is purchasing the Common Shares for the account of or benefit of a U.S. Person or a person in the United States or is otherwise subject to the securities laws of the United States;
- (b) understands that the Common Shares have not been and will not be registered under the U.S. Securities Act or under the securities (“**blue sky**”) laws of any state of the United States, and that the sale contemplated hereunder is being made in reliance on a private placement exemption pursuant to Rule 506(b) of Regulation D and/or Section 4(a)(2) thereof;
- (c) is purchasing the Common Shares as principal for its own account, for investment purposes, and not with a view to any resale, distribution or other disposition of the Common Shares in any transaction that would be in violation of the securities laws of the United States or any state thereof, subject, nevertheless, to the disposition of its property being at all times within its control;
- (d) is an “accredited investor”, as defined in Rule 501(a) of Regulation D under the U.S. Securities Act, and satisfies one or more of the categories indicated below (**please initial the appropriate line or lines**):

\_\_\_\_\_ Category 1. An organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Common Shares, with total assets in excess of US\$5,000,000;

\_\_\_\_\_ Category 2. A natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of purchase exceeds US\$1,000,000; provided, however, that (i) the person’s primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability;

\_\_\_\_\_ Category 3. A natural person who had an individual income in excess of US\$200,000 in each of the two most recent years or joint income with that person’s



spouse in excess of US\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

\_\_\_\_\_ Category 4. A “bank” as defined under Section (3)(a)(2) of the U.S. Securities Act or savings and loan association or other institution as defined in Section (3)(a)(5)(A) of the U.S. Securities Act acting in its individual or fiduciary capacity; a broker dealer registered pursuant to Section 15 of the *Securities Exchange Act of 1934*; an insurance company as defined in Section 2(13) of the U.S. Securities Act; an investment company registered under the *Investment Corporation Act of 1940* or a business development company as defined in Section 2(a)(48) of such act; a Small Business Investment Corporation licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the *Small Business Investment Act of 1958*; a plan with total assets in excess of US\$5,000,000 established and maintained by a state, a political subdivision thereof, or an agency or instrumentality of a state or a political subdivision thereof, for the benefit of its employees; an employee benefit plan within the meaning of the *Employee Retirement Income Security Act of 1974* whose investment decisions is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, whose investment decisions are made solely by persons that are accredited investors;

\_\_\_\_\_ Category 5. A private business development company as defined in Section 202(a)(22) of the *Investment Advisers Act of 1940*;

\_\_\_\_\_ Category 6. A director or executive officer of the Corporation;

\_\_\_\_\_ Category 7. A trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the Common Shares, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the U.S. Securities Act;

\_\_\_\_\_ Category 8. An entity in which all of the equity owners satisfy the requirements of one or more of the foregoing categories.

(e) acknowledges that the Subscriber has not purchased the Common Shares as a result of any form of general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine, on the internet or similar media (including any press release of the Corporation) or broadcast over the internet, radio, or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(f) understands that the Common Shares will not be registered under the U.S. Securities Act or applicable state securities laws and are “restricted securities” as that term is defined in Rule 144 under such Act and agrees that if the Subscriber decides to offer, sell or otherwise transfer any of the Common Shares, the Subscriber will not offer, sell or otherwise transfer any Common Shares directly or indirectly, unless:

(A) the sale is to the Corporation;

(B) the sale is made outside the United States in a transaction meeting the requirements of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations; or

(C) upon the Corporation receiving an opinion of counsel for the holder (or such other evidence as may be satisfactory to the Corporation) demonstrating that such sale, transfer,

assignment or hypothecation is in compliance with Section 4(a)(7) under the U.S. Securities Act or with Rules 144 or 144A thereunder and with applicable state securities laws.

- (g) understands and agrees that the Common Shares may not be sold or otherwise transferred to, or exercised in the United States or by or on behalf of a U.S. Person or person in the United States unless such securities are registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration requirements is available;
- (h) acknowledges that the Subscriber has not purchased the Common Shares as a result of, and will not itself engage in, any “directed selling efforts” (as defined in Regulation S under the U.S. Securities Act) in the United States in respect of the Common Shares which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the Common Shares;
- (i) understands and acknowledges that (1) the Common Shares are transferable only by operation of applicable law, and (2) upon the issuance thereof, and until such time as the same is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws and regulations, any certificates representing the Common Shares held by a U.S. Person will bear a legend in substantially the following form:

**“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING OR OTHERWISE HOLDING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION OR (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS OR (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO THE CORPORATION TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.”**

provided, if the Common Shares are being sold in accordance with Rule 904 of Regulation S, the legend may be removed by providing a declaration to the Corporation, or the Corporation’s registrar and transfer agent, as applicable, in the form attached as Appendix “I” to this Schedule “B” (or such other form as the Corporation may prescribe from time to time), together with any other evidence, which may include an opinion of counsel of recognized standing reasonably satisfactory to the Corporation, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act, provided further, if any Common Shares are being sold under Rule 144 under the U.S. Securities Act, the legend may be removed by delivering to the Corporation or the Corporation’s registrar and transfer agent, as applicable, an opinion of counsel of recognized standing reasonably satisfactory to the Corporation or the Corporation’s registrar and transfer agent, as applicable, that the legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;

- (m) understands and acknowledges that the Corporation is not obligated to file and has no present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of re-sales of the Common Shares;
- (n) understands and acknowledges that the financial statements of the Corporation may be prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
- (o) understands that if the Corporation is ever deemed to be, or to have been at any time previously, an issuer with no or nominal operations and no or nominal assets other than cash and cash equivalents, Rule 144 under the U.S. Securities Act may not be available for re-sales of the Common Shares and (ii) the Corporation is not obligated to take, and has no present intention of taking, any action to make Rule 144 under the U.S. Securities Act (or any other exemption) available for re-sales of the Common Shares;
- (p) acknowledges that it has been independently advised as to, or acknowledges that it is aware, and understands that the acquisition, holding and disposition of the Common Shares, may have tax consequences under the laws of both the United States and Canada, confirms that no representation has been made to it by or on behalf of the Corporation with respect thereto, and acknowledges and understands that it is its sole responsibility to determine and assess such tax consequences as may apply to its particular circumstances;
- (q) understands and acknowledges that the Corporation has the right not to record a transfer by any person of securities in the United States unless it is satisfied that such transfer is exempt from or not subject to registration under the U.S. Securities Act and any applicable state securities laws, and to instruct the registrar and transfer agent, if applicable, for the securities, not to record a transfer by any person without first being notified by the Corporation that it is satisfied that such transfer is exempt from or not subject to registration under the U.S. Securities Act and any applicable state securities laws;
- (r) is aware that its ability to enforce civil liabilities under the United States federal securities laws may be affected adversely by, among other things: (i) the fact that the Corporation is organized under the laws of British Columbia; (ii) some or all of the Corporation's directors and officers may be residents of countries other than the United States; and (iii) some portion of the assets of the Corporation and such persons may be located outside the United States;
- (s) notwithstanding anything to the contrary in this Subscription Agreement, the Subscriber (i) acknowledges that as a result of purchasing the Common Shares from the Corporation (a company engaged in the business of, among other things, producing and selling cannabis-related products) in reliance on the exemption from registration requirements available pursuant to Section 4(a)(2) of the U.S. Securities Act, there can be no continuing assurance that the Common Shares will be accepted for deposit by brokers in the United States or be capable of being cleared through a United States securities clearing firm for the purposes of reselling such securities, and (ii) in such events there exists the risk that the Common Shares may be illiquid and restricted indefinitely;
- (t) the office or other address of the undersigned at which the undersigned received and accepted the offer to purchase the Common Shares is the address listed as the "Purchaser's Address" in the Subscription Agreement; and
- (u) certifies that, if the Subscriber is an entity or organization, the Subscriber was not formed for the specific purpose of acquiring the Common Shares.

IN WITNESS WHEREOF, the undersigned has executed this U.S. Accredited Investor Status Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**If a Corporation, Partnership or Other Entity:**

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title of Signatory

**If an Individual:**

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security/Tax I.D. No.

**APPENDIX "I" TO SCHEDULE "B"**  
**FORM OF DECLARATION FOR REMOVAL OF LEGEND**

TO: **Ikänik Farms Inc.** (the "Corporation")

AND TO: [the transfer agent or registrar of the Corporation, if applicable]

The undersigned (A) acknowledges that the sale of the securities of the Corporation represented by certificate number \_\_\_\_\_ to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and (B) certifies that (1) the seller is not (a) an "affiliate" (as that term is defined in Rule 405 under the U.S. Securities Act) of the Corporation, (b) a "distributor" as defined in Regulation S or (c) an affiliate of a distributor; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believed that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of a "designated offshore securities market" and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as that term is defined in Rule 144(a)(3) under the U. S. Securities Act); (5) the seller does not intend to replace securities sold in reliance on Rule 904 of Regulation S with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions, which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U. S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: \_\_\_\_\_

**X** \_\_\_\_\_  
Authorized signatory

\_\_\_\_\_  
Name of Seller (please print)

\_\_\_\_\_  
Name of authorized signatory (please print)

\_\_\_\_\_  
Title of authorized signatory (please print)

**Affirmation By Seller's Broker-Dealer (required for sales in accordance with Section (B)(2)(b) above)**

We have read the foregoing representations of our customer, \_\_\_\_\_ (the "Seller") dated \_\_\_\_\_, with regard to our sale, for such Seller's account, of the securities of the Corporation described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed on or through the facilities of designated offshore securities market, (C) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (D) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_

Authorized officer

Date: \_\_\_\_\_

**SCHEDULE “C”  
OFFSHORE CERTIFICATE**

The Subscriber, on its own behalf and (if applicable) on behalf of others for whom it is contracting hereunder, further represents, warrants and covenants to and with the Corporation (and acknowledges that the Corporation is relying thereon) that it is, and (if applicable) any beneficial purchaser for whom it is contracting hereunder is, a resident of, or otherwise subject to, the securities legislation of a jurisdiction other than Canada or the United States, and:

1. the Subscriber is, and (if applicable) any other purchaser for whom it is contracting hereunder, is:
  - (a) a purchaser that is recognized by the securities regulatory authority in the jurisdiction in which it is, and (if applicable) any other purchaser for whom it is contracting hereunder is resident or otherwise subject to the securities laws of such jurisdiction, as an exempt purchaser and is purchasing the securities purchased pursuant to the Subscription Agreement (the “**Purchased Securities**”) as principal for its, or (if applicable) each such other purchaser’s, own account, and not for the benefit of any other person, for investment only and not with a view to resale or distribution; or
  - (b) a purchaser which is purchasing the Purchased Securities pursuant to an exemption from any prospectus or securities registration requirements (particulars of which are enclosed herewith) available to the Corporation, the Subscriber and any such other purchaser under applicable securities laws of their jurisdiction of residence or to which the Subscriber and any such other purchaser are otherwise subject to, and the Subscriber and any such other purchaser shall deliver to the Corporation such further particulars of the exemption and their qualification thereunder as the Corporation may reasonably request;
2. the purchase of the Purchased Securities by the Subscriber, and (if applicable) each such other purchaser, does not contravene any of the applicable securities laws in such jurisdiction and does not trigger: (i) any obligation to prepare and file a prospectus, an offering memorandum or similar document, or any other ongoing reporting requirements with respect to such purchase or otherwise; or (ii) any registration or other obligation on the part of the Corporation; and
3. the Subscriber, and (if applicable) any other purchaser for whom it is contracting hereunder, will not sell or otherwise dispose of any Purchased Securities, except in accordance with applicable Canadian securities laws, and if the Subscriber, or (if applicable) such beneficial purchaser, sells or otherwise disposes of any Purchased Securities to a person other than a resident of Canada, the Subscriber, and (if applicable) such beneficial purchaser, will obtain from such purchaser representations, warranties and covenants in the same form as provided in this Schedule “C” and shall comply with such other requirements as the Corporation may reasonably require.
4. The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the Closing Time (as defined in the Subscription Agreement to which this Schedule “C” is attached) and the Subscriber acknowledges that this offshore certificate is incorporated into and forms a part of the Subscription Agreement to which it is attached. If any such representations shall not be true and accurate prior to the Closing Time, the undersigned shall give immediate written notice of such fact to the Corporation prior to the Closing Time.

Dated: \_\_\_\_\_

Signed: \_\_\_\_\_

\_\_\_\_\_  
Witness (If Subscriber is an Individual)

\_\_\_\_\_  
Print the name of Subscriber

\_\_\_\_\_  
Print Name of Witness

\_\_\_\_\_  
If Subscriber is a corporation, print name and title of Authorized Signing Officer

## SCHEDULE “D”

### CERTAIN KEY BUSINESS AND INDUSTRY RISK FACTORS

*An investment in the Common Shares is risky and involves a material risk of complete loss. The following is not intended to be an exhaustive list of the risks associated with the business of the Corporation. Rather, the key risks set out below relate solely to the regulation of the marijuana industry in the United States.*

*Nothing contained in this Schedule “D” is or may be relied on as a promise or representation as to any future performance or event. The information set out in this Schedule “D” speaks only as of January 20, 2021, and the Corporation assumes no obligation to update the such information. The information set out in this Schedule “D” does not purport to contain all information that might be required to evaluate entering into this Subscription Agreement and an investment in the Corporation, and the Subscriber must conduct its own independent analysis.*

*References herein to the Corporation include the subsidiaries of the Corporation, as applicable.*

#### **Risks Related to Our Business and Industry**

##### **Cannabis laws are unsettled and cannabis remains illegal under federal law.**

Despite the adoption of certain laws in certain states that permit use, possession, cultivation and distribution of cannabis, subject to significant restrictions and limitations, such laws are unsettled and subject to differing interpretations. Laws legalizing medicinal and recreational cannabis use are in conflict with the Federal Controlled Substances Act (the “CSA”), which classifies cannabis as a schedule I controlled substance and makes cannabis use and possession illegal on a national level. The United States Supreme Court has ruled that the federal government has the right to regulate and criminalize cannabis, even for medical purposes, and thus federal law criminalizing the use of cannabis preempts state laws that legalize its use (*U.S. v. Oakland Cannabis Buyers’ Coop.*, and *Gonzales v. Raich*). Although the Obama administration stated that it is not an efficient use of resources to direct federal law enforcement agencies to prosecute those lawfully abiding by state-designated laws allowing the use and distribution of medical and recreational cannabis, and Congress passed the Consolidated and Further Continuing Appropriations Act, 2015, eliminating any application of the federal budget toward the prosecution of individuals or entities operating in compliance with state cannabis laws, there is no guarantee that the Trump administration will not change the current stated policy regarding the low priority enforcement of federal laws in states where cannabis has been legalized under state law. Several members of President Trump’s cabinet have made statements indicating they are opposed to legalization efforts. Any change in the federal government’s enforcement of federal laws could cause significant damage to the Corporation and its growth prospects. As the possession, cultivation, use and distribution of cannabis is illegal under the CSA, any person engaged in such activities may be deemed to be conducting or aiding and abetting illegal activities. As a result, the Corporation and possibly certain of its Investors may be subject to enforcement actions and/or prosecution by law enforcement authorities. The Department of Justice (“DOJ”) has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of marijuana for use on private property but instead has relied on state and local law enforcement to address marijuana activity. Strict enforcement of the CSA by the DOJ would materially and adversely affect the Corporation’s ability to generate funds for distributions to the holders of its securities. Additionally, any action taken against the Corporation for conducting or aiding and abetting illegal activities may force the Corporation to cease operations and its passive Investors could lose their entire investment. In any such action, the Corporation’s assets may be subject to forfeiture and its Investors could additionally face fines, penalties or the possibility of criminal prosecution.

##### **Cannabis businesses operate in a highly regulated industry, but many of the laws are untested and rules change constantly.**

Many state and local cannabis laws are relatively new and there is a relatively small body of interpretive guidance and case law available to understand how certain laws, rules and regulations will be interpreted or applied by enforcement agencies or the courts. Additionally, the state and local licensing regulations are interdependent but, in part due to the variability of applicable local rules and differences in their effective administration, the results

of such interdependency are often inefficient and may be impossible to comply with. As a result, the Corporation's business may be required to operate in a grey area, which subjects the Corporation to the risk that it will unintentionally violate laws, rules or regulations. It also cannot assure Investors that state and local authorities will not enforce the applicable laws in an unexpected, arbitrary or unfair manner. Any violations of law, real or asserted, could have significant adverse consequences for the Corporation's business, including the loss of its ability to conduct operations. In addition, regulations are changing rapidly, and any change could significantly undermine the Corporation's business or the business of other industry participants on which its business depends. Accordingly, the unfavorable enforcement or change in applicable state or local laws could materially and adversely affect the Corporation's ability to make payments to the holders of the Corporation's securities and could result in the loss of Investor's investment in the Corporation.

**Laws and regulations affecting the cannabis industry are constantly changing.**

Local, state, and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require the Corporation to incur substantial costs associated with compliance or alter its business plan. It is also likely that new laws will be adopted that will have a material effect on how the Corporation conducts its business. Violations of applicable laws, or allegations of such violations, could disrupt the Corporation's business and result in a material adverse effect on its operations. The Corporation cannot predict the nature of any future laws, regulations, interpretations, or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on its business.

**Laws and regulations governing taxation of cannabis-related businesses are unfavorable and continue to develop.**

In respect of federal taxation, except for "cost of goods sold," Section 280E of the Federal Internal Revenue Code prohibits cannabis businesses from taking tax deductions for ordinary business expenses that are available to similar businesses in other industries. The Corporation expects that the application of Section 280E will result in reduced distributable cash from which the Corporation will be able to make payments to Investors. Additionally, California and many localities are still determining how to tax cannabis businesses. Collectively, federal state and local taxes will place a substantial burden on the Corporation's revenue and could make its business model economically unfeasible. In that event, the Corporation may need to change its business model, and it may not be able to make payments to the holders of its Common Shares, in which case, Investor may lose the value of its investment.

Additionally, California cannabis distributors have reporting and invoicing requirements for tax purposes along with applicable payments. This includes a California requirement to report and pay a cultivation tax and cannabis excise tax, and also to remit and pay sales tax. The amounts due for these taxes must be appropriately computed, reported and paid subject to 10% penalty on taxpayers for failure to timely pay such taxes or fee when due or for filing a late return. In addition to the 10% penalty, there may be a mandatory 50% penalty for failure to pay the cultivation tax or cannabis excise tax due.

**Closing of bank accounts could have a material adverse effect on our business, financial condition and/or results of operations.**

Due to the federal regulatory environment, including the Bank Secrecy Act (the "BSA"), banks in the United States often refuse to open or maintain accounts for companies that operate in the cannabis industry. The BSA also requires that banks file with the Financial Crimes Enforcement Network ("FinCEN") suspicious activity reports ("SARs") to provide FinCEN with information about transactions that may show participation in illegal activities including money laundering or funding of terrorist activities. To satisfy their legal obligations, banks often question transactions, including large cash transactions or transactions involving money orders. Typically, the account holder is not informed that the bank has filed a SAR with respect to any transaction. A bank that is uncomfortable with a transaction may file a SAR and/or close the accounts in question. As a result, companies in the cannabis industry, including the Corporation, are at a risk of being non-bankable. An inability to make full, or any use of bank account services would impact management of the Corporation's operations and could have a material adverse effect on its business, financial condition and/or results of operations.



**A prolonged economic downturn could materially affect us in the future.**

The cannabis industry is dependent upon consumer discretionary spending. There has not been a product that has impacted so many markets before as cannabis is doing now around the globe. The recession from late 2007 to mid-2009 reduced consumer confidence to historic lows, impacting the public's ability and desire to spend discretionary dollars, as a result of job losses, home foreclosures, significantly reduced home values, investment losses, bankruptcies and reduced access to credit, resulting in lower levels of customer traffic. If the economy experiences another significant decline, the Corporation's business and results of operations could be materially adversely affected.

**The Corporation may fail to implement its business plan.**

The Corporation has no demonstrable operations record on which Investor can evaluate the Corporation's business and prospects. The Corporation's prospects must be considered in light of the risks, uncertainties, expenses, and difficulties frequently encountered by companies in their early stages of development. These risks include, without limitation, competition, the absence of ongoing revenue streams, and lack of brand recognition. Corporation cannot guarantee that it will be successful in executing its business plan. If Corporation fails to implement and create a base of operations for its proposed business, it may be forced to cease operations, in which case Investor may lose its entire investment.

**The Corporation operates in a rapidly changing marketplace.**

The markets in which the Corporation competes are rapidly changing and highly competitive, and the Corporation may not be able to compete effectively. The Corporation's prospects will depend largely upon its ability successfully to establish its presence in a timely fashion, retain and continue to hire skilled management, technical, marketing, and other personnel, and attract and retain significant numbers of quality business partners and corporate clients. Additionally, the unsettled regulatory environment to which the Corporation is subject may require substantial adjustment of its business model and may be detrimental to its customers and suppliers. There can be no assurance that the Corporation will be able to successfully implement its business plan or develop or maintain future business relationships, or that unanticipated expenses, problems or technical difficulties which would result in material delays in implementation will not occur. If the Corporation is unable to navigate the changing market and regulatory conditions, its ability to generate revenue will suffer and the amount it can pay to the holders of its securities will decrease, resulting in the loss of some or all of Investor's investment.

**The Corporation's business is dependent upon the success of affiliated entities and product brand diversification.**

Much of the Corporation's business will require that it license particular intellectual property, including rights to manufacture, distribute and sell established branded products. If these other parties are unable or unwilling to develop brands for license to the Corporation and the Corporation is unable to develop brands on its own, the Corporation may not be able to manufacture and sell a sufficient number of product units to generate projected revenue (which would result in decreased ability to make payments to Investor). Additionally, if the Corporation does not establish sufficient product brand diversification, it will be more susceptible to losses resulting from events that materially and adversely affect the economic viability of its business with respect to particular branded products. If the Corporation is not properly diversified, such events could reduce or eliminate its ability to make payments to the holders of its securities, which may result in the partial or complete loss of Investor's investment.

**The Corporation needs additional capital to fund its business plan. The Corporation may not be able to obtain additional capital on commercially reasonable terms, which could adversely affect its liquidity and financial position.**

The Corporation has heretofore relied on its existing members and their loans and capital contributions. Even if the Corporation receives its target aggregate proceeds of US\$30,000,000, it may want or need to raise additional capital. Requirements for additional capital may be based on adverse events, or a desire to take advantage of growth opportunities that are not currently part of its business model.

If raising additional equity is not economically feasible, the Corporation may raise capital through the issuance of debt. In all likelihood, payments of principal and interest to service debt obligations would result in reduction of the net income of the Corporation, thereby ultimately reducing the amount of payments available to Investor. Moreover, a default on a debt obligation could result in foreclosure by a lender on assets that would otherwise be available at liquidation for ultimate distribution to Investor. Any of these eventualities would reduce the amount of payments to Investor and may result in the loss of the investment. There is no assurance that the Corporation will be able to access capital on an economically feasible basis. To the extent that it cannot, it may be unable to pursue its business plan. Accordingly, if it is unable to generate adequate cash from operations, and if it is unable to find sources of funding, it may be necessary for it to sell one or more lines of business or all or a portion of its assets, enter into a business combination, or reduce or eliminate operations. These possibilities, to the extent available, may be on terms that result in Investor losing some or all of its investment.

**Information technology system failures or breaches of Corporation's network security could interrupt its operations and adversely affect its business.**

The Corporation relies on its computer systems and network infrastructure across its operations. Its operations depend upon its ability to protect its computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses and other disruptive problems. Additionally, it must continually upgrade its technological capabilities to take advantage of market opportunities, manage its costs and transactional data effectively, satisfy customer requirements, execute its business plan and respond to competitive pressures. Any damage or failure of its computer systems or network infrastructure that causes an interruption in operations could have a material adverse effect on its ability to successfully operate its business and could subject it to litigation or to actions by regulatory authorities. It cannot assure that a failure to successfully manage its information technology systems will not result in a decrease in or loss of its ability to generate revenue from which to pay Investor.

**The failure to enforce and maintain the trademarks and protect the other intellectual property of Corporation's affiliates and brand partners could materially adversely affect its business.**

The success of Corporation's business strategy depends on its continued ability obtain and to use trademarks and service marks in order to increase brand awareness and develop the branded products of its affiliates and partners. There can be no assurance that all of the steps the Corporation and its brand partners take to protect such intellectual property will be adequate. In many cases, Corporation's agreements with its brand partners may not allow the Corporation to take sufficient action to protect material intellectual property, and the Corporation may not have the ability to compel a brand partner to take such actions. If efforts to protect such intellectual property are not adequate, or if any third-party misappropriates or infringes on such intellectual property, whether in print, on the Internet or through other media, the value of the impacted brands may be harmed, which could have a material adverse effect on Corporation's prospects, including the failure of such brands and branded products to achieve and maintain market acceptance and likely thus adversely impacting a revenue stream, and accordingly, our ability to make payments to Investor.

**Third party claims with respect to intellectual property assets, if decided against the Corporation, may result in competing uses or require adoption of new, non-infringing intellectual property, which may in turn adversely affect sales and revenues.**

There can be no assurance that third parties will not assert infringement or misappropriation claims against the Corporation, or assert claims that Corporation's rights in certain trademarks, service marks, trade dress and other intellectual property assets are invalid or unenforceable. Any such claims could have a material adverse effect on Corporation's financial condition as well as its ability to allocate time and effort to other aspects of its business. If Corporation's rights in any intellectual property were invalidated or deemed unenforceable, it could permit competing uses of intellectual property by third parties, which, in turn, could lead to a decline in Corporation's results of operations. If the Corporation is found to infringe upon a third party's intellectual property rights, it may be forced to pay damages, be required to develop or adopt non-infringing intellectual property or be obligated to acquire a license to such intellectual property. There could be significant expenses associated with the defense of any infringement, misappropriation, or other third-party claims. Although in the case of intellectual property in respect of which the Corporation has a license, the Corporation may have a right to indemnification from the licensor, the Corporation cannot assure that the financial condition of the licensor

will be sufficient to satisfy any licensor indemnification obligation, or that such indemnification obligation would cover lost profits, consequential or other non-direct damages.

**The Corporation is exposed to the risk of natural disasters, unusual weather conditions, pandemic outbreaks, political events, war and terrorism that could disrupt business and result in lower revenues, increased operating costs and capital expenditures.**

The Corporation headquarters and the Corporation's operated locations, as well as certain of its vendors and customers, are located in areas which have been and could be subject to natural disasters such as floods, hurricanes, tornadoes, fires or earthquakes. Adverse weather conditions or other extreme changes in the weather, may disrupt its business and may adversely affect its ability to obtain necessary goods and services from its vendors or to otherwise continue its operations. Natural disasters of a severe nature may also decrease the demand for its products or interfere with the ability of consumers to obtain its products. The Corporation may not be insured against losses resulting from these types of events. Moreover, if the Corporation is insured, these events may increase the cost of such insurance on a going-forward basis. Any of these factors, or any combination thereof, could adversely affect Corporation's operations and its ability to make payments to Investors.

**The Corporation may not be able to cost-effectively procure required goods and services.**

The cannabis business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier were to go out of business, the Corporation might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to its affiliates in the future. Any inability to secure required supplies and services or to do so on appropriate terms, including as a result of risky conditions or volatile water or energy costs, could have a materially adverse impact on the business, financial condition and operating results.

**The Corporation is subject to agricultural and environmental regulations and risks.**

Cannabis is an agricultural product. There are risks inherent in any agricultural business, such as insects, plant diseases, the use of pesticides, the presence of airborne contaminants, impact on surrounding land and wildlife, and similar agricultural risks.

The Corporation's operations are subject to environmental regulations. These regulations mandate, among other things, the maintenance of air and water quality standards. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Corporation's business, financial condition and operating results. Government licenses, approvals and permits are currently, and may in the future be, required in connection with Corporation's operations. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Corporation may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

**Corporation's advisors and management have other business interests and obligations to other entities, some of which may conflict with their obligations to the Corporation.**

The voting equity holders, managers and executive officers of the Corporation provide services to the Corporation on a non-exclusive basis. Such persons are required to provide the Corporation with such amount of their time and efforts as they deem necessary to run the business and operations of the Corporation in a reasonable manner. The Corporation is dependent on its team to successfully execute its business plan. Their

other business interests and activities could divert time and attention from operating Corporation's business. The Corporation cannot assure you that some or all of such persons will be able to provide the Corporation with a sufficient amount of their time or efforts to take advantage of all opportunities that may be available to the Corporation. Moreover, some of the other entities in which such persons have a material financial interest may enter into agreements with the Corporation in which there is an inherent conflict of interest.

### **Risks Related to the Corporation, the Offering and Lack of Liquidity**

**As the Corporation is a development stage business, it has a limited operating history, and thus is subject to business development risks.**

The Corporation has only a limited history upon which an evaluation of its prospects and future performance can be made. Corporation's proposed operations are subject to all business risks associated with new enterprises. The likelihood of Corporation's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There is a possibility that the Corporation could sustain losses in the future. There can be no assurance that Corporation's efforts will result in successful commercialization or further development of its operations, that its marketing efforts will be successful, or that it will ever achieve significant revenue. Failure to do so could result in Investor losing part or all of the money invested.

**Competition with third parties could reduce Corporation's profitability.**

The cannabis industry in California is highly competitive. Corporation's competitors may have significantly greater capital resources and research and development, manufacturing, testing, regulatory compliance, and marketing capabilities and as a result, its competitors may develop more competitive or affordable products or services than the Corporation can offer, or achieve earlier product and service commercialization than the Corporation is able to achieve. Competitive products and services may render any services, products or product candidates uneconomic or obsolete. Moreover, Corporation's competitors may drive up the price of necessary supplies or services and may block Corporation's ability to distribute its products in some or all channels of distribution. Because at this time Corporation's products may not traverse state lines, the Corporation may be unable to adjust for unexpected competition in any particular geographical area. The Corporation cannot assure Investor that the Corporation will be able to compete for sales effectively so as to generate revenues required to make payments to Investor, or to maintain the Corporation as a going concern.

**If the Corporation is unable to retain experienced executives and personnel, it may not be able to execute its forecasted business strategy and its growth may be hindered; limited time availability.**

The Corporation's success largely depends on the performance of its management team and other key personnel and its ability to continue to retain qualified senior executives and other key personnel. Competition for senior management personnel is intense and there can be no assurance that it will be able to retain its personnel or attract additional qualified personnel. The loss of a member of senior management may require the remaining executive officers to divert immediate and substantial attention to fulfilling his or her duties and to seeking a replacement. The Corporation may not be able to continue to attract or retain such personnel in the future. Any inability to fill vacancies in Corporation's senior executive positions on a timely basis could impair its ability to implement its business strategy, which would harm its business and results of operations. As of the date hereof, the Corporation does not have in place services agreements with some of the anticipated members of its management team and cannot assure that it will be successful in retaining their services.

**Negative publicity could adversely affect Corporation's business and operating results.**

Negative publicity about Corporation's industry or the Corporation, including the utility of its services and offerings, even if inaccurate, could adversely affect Corporation's reputation. Harm to Corporation's reputation can arise from many sources, including employee misconduct, misconduct by Corporation's partners, outsourced service providers or other counterparties, failure by the Corporation or its partners to meet minimum standards of service and quality, and compliance failures and claims.

The cannabis industry generally is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research

or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for medical and/or recreational cannabis and thus negatively impact Corporation's business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the products comprising Corporation's market share specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

**As a cultivator, manufacturer and distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation.**

Medicinal and recreational adult use cannabis products are designed for human consumption. If any such products are alleged to have caused significant loss or injury, litigation and regulatory action is likely to ensue. In addition, manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Corporation may be subject to various product liability claims, including, among others, that the products produced or distributed by the Corporation caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim, or regulatory action could result in increased costs, could adversely affect Corporation's reputation with clients and consumers generally, and could have a material adverse effect on Corporation's business, financial condition and operating results. There can be no assurances that the Corporation will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

**Rapid growth may strain our resources.**

Significant and rapid growth in the scope and complexity of Corporation's business would place a significant strain on its management team and its financial and other resources. Such growth, if experienced, may expose it to greater costs and other risks associated with growth and expansion. The Corporation may be required to hire a broader range of additional employees and outsource certain functions to contractors in order to sustain its operations. The Corporation may be unsuccessful in these efforts or it may be unable to project accurately the rate or timing of these increases. Corporation's ability to manage its growth effectively will require it to continue to improve its operations, to improve its financial and management information systems, and to train, motivate, and manage its future employees. The failure to develop and implement effective systems, or to hire and retain sufficient personnel for the performance of all of the functions necessary to effectively service and manage its business, or the failure to otherwise manage growth effectively, could have a materially adverse effect on its business, financial condition, and results of operations. In addition, difficulties in effectively managing budgeting, forecasting, and other process control issues presented by such a rapid expansion could result in Corporation's inability to maintain quality standards or otherwise harm its business, financial condition, and results of operations.

**The Corporation's risk management efforts may not be effective, which could result in unforeseen losses.**

The Corporation could incur substantial losses and its business operations could be disrupted if it is unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, regulatory risk, and other market-related risks, as well as operational risks related to its business, assets and liabilities. Corporation's risk management policies, procedures, and techniques may

not be sufficient to identify all of the risks to which it may be exposed, mitigate the risks that it has identified or identify additional risks to which it may be subject in the future.

**There can be no assurance that Corporation's business plan will be profitable, and there is no assurance of any returns.**

There can be no assurance as to whether the Corporation will be profitable, or earn revenues, or whether it will be able to meet its operating expenses. The initial expenses that the Corporation incurs could result in operating losses for the foreseeable future. There is no assurance that the Corporation will ever have net income sufficient to cover its expenses and to make payment to Investor. There can be no guaranty regarding timing or amounts of any payments. No assurance can be made that an Investor in the Corporation will not lose the entire investment.

**The Corporation cannot assure that it will be able to forge and maintain required beneficial relationships with third-parties.**

The Corporation is generally dependent on relationships with strategic partners and vendors, and it may enter into similar agreements with future potential strategic partners and alliances. Corporation's success requires that it secure and maintain beneficial relationships with third parties. There can be no assurance that such third parties may regard their relationship with the Corporation as important to their own business and operations, that they will not reassess their commitment to the business at any time in the future, or that they will not develop their own competitive services or products, either during their relationship with the Corporation or after it expires. Accordingly, there can be no assurance that Corporation's existing relationships or future relationships will result in sustained business partnerships, successful service offerings, or significant revenues for the Corporation.

**The Corporation may engage in business transactions with its affiliates.**

The Corporation may engage in business transactions with other businesses that are affiliated with it. Administrative, clerical and other operational services may be provided by an affiliate of the Corporation, the cost of which will be allocated among several affiliates, including the Corporation. Any business transactions with affiliates of the Corporation may not be the result of arms-length negotiations and could result in conflicts of interest.

**Prospective Investors must undertake their own due diligence.**

A prospective Investor is required to undertake its own due diligence of the Corporation, Corporation's current and proposed business and operations, Corporation's management and Corporation's financial condition to verify the accuracy and completeness of information provided by the Corporation. **This investment is suitable only for an Investor who has the knowledge and experience to independently evaluate the Corporation, and Corporation's business and prospects.**

**The Corporation is not, and will not be, registered under the Investment Corporation Act of 1940, as amended.**

The Corporation intends to operate so as not to be regulated as an investment company under the Investment Corporation Act of 1940, as amended (the "**Investment Corporation Act**"), based upon certain exemptions thereunder. Companies that are subject to the Investment Corporation Act must register with the United States Securities and Exchange Commission and become subject to various registration and reporting requirements. Compliance with such restrictions would limit the Corporation's flexibility and create additional financial and administrative burdens on the Corporation. The Investment Corporation Act, however, does provide certain protection to investors, none of which will be applicable to the Corporation.

**The Corporation has not retained independent professionals for Investors.**

The Corporation has not retained any independent professionals to comment on or otherwise protect the interests of any potential Investor. Although the Corporation has retained its own counsel, neither such counsel nor any other independent professionals have made any examination of any factual matters herein, and potential Investors should not rely on Corporation's counsel regarding any matters herein described.

## **Investors may be allocated taxable income without receiving corresponding distributions.**

Insofar as the Corporation remains taxed as a limited liability company, Investor will be required to report on such person's federal income tax return in respect of any equity interest that it holds in the Corporation its distributive share of the Corporation's taxable income or gain, whether or not it receives any actual distributions of money or property from the Corporation during the applicable taxable year. The tax liability of Investor in respect of any equity interest that it holds in the Corporation could exceed amounts distributed by the Corporation to such person in a particular year.

## **Tax Risks Generally**

There are a number of federal income tax risks relating to the intended business of the Corporation and an investment hereunder that could impact the advisability of a potential Investor investing in the Corporation. No rulings have been sought from the Internal Revenue Service ("IRS") with respect to any of the tax matters referenced herein, and each potential Investor should consult such potential Investor's own tax advisor as to the relevant tax considerations and as to how those considerations may affect its investment, and to determine whether an investment in the Corporation is a suitable investment for the potential Investor. Set forth below are some of the tax risks relating to an investment in the Corporation. This list is not intended to be all-inclusive. INVESTORS ARE NOT TO CONSTRUE ANY OF THE CONTENTS HEREOF, INCLUDING, WITHOUT LIMITATION, THE INFORMATION PRESENTED BELOW, AS TAX ADVICE AND ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS CONCERNING THE TAX ASPECTS AND ALL OTHER MATTERS RELATING TO AN INVESTMENT IN COMPANY.

Significant and fundamental changes in the federal income tax laws have been made in recent years and additional changes are likely. Any such change may affect the Corporation and Investor. Moreover, judicial decisions, regulations or administrative pronouncements could unfavorably affect the tax consequences of an investment in the Corporation.

Treasury regulations under section 7701 of the Internal Revenue Code of 1986, as amended (the "Code" or "**Internal Revenue Code**"), provide that a domestic business entity, other than a corporation, may elect whether to be treated as a partnership or an association taxable as a corporation for federal income tax purposes. Treasury Regulation Section 301.7701--2 defines "corporations" to include corporations denominated as such under applicable law, associations that elect to be classified as such, joint stock companies, insurance companies and other business entities, but not including limited liability companies. The Corporation is a limited liability company. Under a default rule in the Treasury Regulations, limited liability companies formed under a state statute, such as the Corporation, are treated as partnerships for Federal income tax purposes, unless such entities affirmatively elect to be treated as associations taxable as corporations. The Corporation seeks to convert itself from a limited liability to a corporation, resulting in its taxation as a corporation for federal income tax purposes.

The proper federal income tax treatment for the Corporation items of income and loss will be determined by the Corporation in consultation with Corporation's tax advisors. Adjustments, if any, resulting from any audit of the Corporation, should the Corporation ever be audited, will result in corresponding adjustments of the Corporation items of income and loss reflected on Investor's own tax returns, insofar as the Corporation remains taxed as a limited liability company. In addition, for the period that the Corporation remains taxed as a limited liability company, it has a designated "tax matters partner" who, as such, has primary responsibility for the Corporation level matters involving the tax authorities, including the power to extend the statute of limitations for all persons holding an interest in the Corporation, including, without limitation, an Investor holding an equity interest in the Corporation, as to the Corporation items of income and loss.

So long as the Corporation remains taxed as a limited liability company, an Investor holding an equity interest in the Corporation must include in such person's gross income for federal income tax purposes its distributive share of Corporation's income. Such income is subject to taxation without regard to whether any cash or property is distributed. Taxable income may exceed distributable cash because of differences in timing and possible expenditure of cash for nondeductible items.

## SCHEDULE "E"

### CONTACT INFORMATION FOR CANADIAN SECURITIES COMMISSIONS

**Alberta Securities Commission**

Suite 600, 250 – 5th Street SW  
Calgary, Alberta T2P 0R4  
Telephone: (403) 297-6454  
Toll free in Canada: 1-877-355-0585  
Facsimile: (403) 297-2082  
Public official contact regarding indirect collection of information:  
FOIP Coordinator

**British Columbia Securities Commission**

P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Inquiries: (604) 899-6854  
Toll free in Canada: 1-800-373-6393  
Facsimile: (604) 899-6581  
Email: [inquiries@bcsc.bc.ca](mailto:inquiries@bcsc.bc.ca)  
Email (regarding indirect collection of information): FOI-  
privacy@bcsc.bc.ca  
Public official contact regarding indirect collection of information:  
FOI Inquiries

**The Manitoba Securities Commission**

500 – 400 St. Mary Avenue  
Winnipeg, Manitoba R3C 4K5  
Telephone: (204) 945-2548  
Toll free in Manitoba 1-800-655-5244  
Facsimile: (204) 945-0330  
Public official contact regarding indirect collection of information:  
Director

**Financial and Consumer Services Commission (New Brunswick)**

85 Charlotte Street, Suite 300  
Saint John, New Brunswick E2L 2J2  
Telephone: (506) 658-3060  
Toll free in Canada: 1-866-933-2222  
Facsimile: (506) 658-3059  
Email: [info@fcnb.ca](mailto:info@fcnb.ca)  
Public official contact regarding indirect collection of information:  
Chief Executive Officer and Privacy Officer

**Government of Newfoundland and Labrador  
Financial Services Regulation Division**

P.O. Box 8700  
Confederation Building  
2nd Floor, West Block  
Prince Philip Drive  
St. John's, Newfoundland and Labrador A1B 4J6  
Attention: Director of Securities  
Telephone: (709) 729-4189  
Facsimile: (709) 729-6187  
Public official contact regarding indirect collection of information:  
Superintendent of Securities

**Government of the Northwest Territories  
Office of the Superintendent of Securities**

P.O. Box 1320  
Yellowknife, Northwest Territories X1A 2L9  
Attention: Deputy Superintendent, Legal & Enforcement  
Telephone: (867) 920-8984  
Facsimile: (867) 873-0243

**Government of Nunavut  
Department of Justice**

Legal Registries Division  
P.O. Box 1000, Station 570  
1st Floor, Brown Building  
Iqaluit, Nunavut X0A 0H0  
Telephone: (867) 975-6590  
Facsimile: (867) 975-6594

**Ontario Securities Commission**

20 Queen Street West, 22<sup>nd</sup> Floor  
Toronto, Ontario M5H 3S8  
Telephone: (416) 593- 8314  
Toll free in Canada: 1-877-785-1555  
Facsimile: (416) 593-8122  
Email: [exemptmarketfilings@osc.gov.on.ca](mailto:exemptmarketfilings@osc.gov.on.ca)  
Public official contact regarding indirect collection of information:  
Inquiries Officer

**Prince Edward Island Securities Office**

95 Rochford Street, 4th Floor Shaw Building  
P.O. Box 2000  
Charlottetown, Prince Edward Island C1A 7N8  
Telephone: (902) 368-4569  
Facsimile: (902) 368-5283  
Public official contact regarding indirect collection of information:  
Superintendent of Securities

**Autorité des marchés financiers**

800, Square Victoria, 22e étage  
C.P. 246, Tour de la Bourse  
Montréal, Québec H4Z 1G3  
Telephone: (514) 395-0337 or 1-877-525-0337  
Facsimile: (514) 873-6155 (For filing purposes only)  
Facsimile: (514) 864-6381 (For privacy requests only)  
Email: [financementdessocietes@lautorite.qc.ca](mailto:financementdessocietes@lautorite.qc.ca) (For corporate  
finance issuers); [fonds\\_dinvestissement@lautorite.qc.ca](mailto:fonds_dinvestissement@lautorite.qc.ca) (For  
investment fund issuers)  
Public official contact regarding indirect collection of information:  
Secrétaire générale

**Financial and Consumer Affairs Authority of Saskatchewan**

Suite 601 - 1919 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H2  
Telephone: (306) 787-5879  
Facsimile: (306) 787-5899  
Public official contact regarding indirect collection of information:  
Director

**Government of Yukon**

**Department of Community Services**  
Law Centre, 3rd Floor  
2130 Second Avenue  
Whitehorse, Yukon Y1A 5H6  
Telephone: (867) 667-5314  
Facsimile: (867) 393-6251

**Nova Scotia Securities Commission**

Suite 400, 5251 Duke Street  
Duke Tower  
P.O. Box 458  
Halifax, Nova Scotia B3J 2P8  
Telephone: (902) 424-7768  
Facsimile: (902) 424-4625  
Public official contact regarding indirect collection of information:  
Executive Director



**SCHEDULE "F"**  
**WIRE TRANSFER INSTRUCTIONS**

[REDACTED]

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