

PROMISSORY NOTE

ISSUED TO: **GESTION ÉRIC BOUVIER INC.** (the “Holder”)

<redacted - confidential information>

Attention: Erik Bouvier

Email: <redacted - confidential information>

ISSUED BY: **CANADA HOUSE CANNABIS GROUP INC.**

1773 Bayly Street

Pickering, Ontario

L1W 2Y7

Attention: CEO

Email: chris.smith@canadahouse.ca

\$4,166,666.33

Date: June 12, 2020

1. **FOR VALUE RECEIVED, CANADA HOUSE CANNABIS GROUP INC.** (“Canada House”) hereby promises to pay to the Holder, at the Holder’s address noted above, or at such other place as the Holder may in writing direct, the principal amount of **FOUR-MILLION-ONE-HUNDRED-SIXTY-SIX-THOUSAND-SIX-HUNDRED-SIXTY-SEVEN DOLLARS AND THIRTY-THREE CENTS (\$4,166,666.33)** in lawful money of Canada, subject to adjustment (the “**principal amount**”), upon and subject to the terms and conditions set forth (a) in this promissory note (the “**Note**”); and (b) in that certain share exchange agreement (the “**Share Exchange Agreement**”) dated the date hereof between Canada House, IsoCanMed Inc. (the “**Corporation**”) and the Holder. Capitalized terms used but not defined in this Note shall have the same respective meanings in this Note as in the Share Exchange Agreement.
2. **Principal Payments.** The aggregate unpaid principal amount of the Loan, all accrued and unpaid interest and all other amounts payable under this Note shall be due and payable on or before June 12, 2023 (the “**Maturity Date**”).

Notwithstanding the foregoing, but subject to the terms and conditions of Section 5 and Section 7 and the other terms and conditions of this Note, the principal amount outstanding under this Note shall be accelerated and become immediately due and payable upon the completion of the sale of all, or substantially all, of the shares or of the assets and undertaking of Canada House.

3. **Interest.**
 - (a) Except as otherwise provided herein, the outstanding principal amount hereunder from time to time shall bear interest (“**Interest**”) at a rate of five percent (5%) per annum.
 - (b) Interest shall be payable in arrears to the Holder on an annual basis on the each anniversary date of the date hereof.

- (c) All computations of Interest shall be made on the basis of a year of 365 days, as the case may be, and the actual number of days elapsed. Interest shall accrue on the day this Note is made and shall not accrue on the day on which it is paid.
- (d) If at any time and for any reason whatsoever, the interest rate payable on this Note shall exceed the maximum rate of interest permitted to be charged by the Holder to Canada House under applicable Law, such interest rate shall be reduced automatically to the maximum rate of interest permitted to be charged under applicable Law/that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest permitted by applicable Law shall be deemed a voluntary prepayment of principal.

4. **Security and Ranking.**

- (a) The obligations under this Note are secured by a general security agreement entered into between the Corporation and the Holder as of the date hereof (the “**General Security Agreement**”), which General Security Agreement shall be registered against all of the Corporation’s assets. For further clarification, To secure the payment of the Indebtedness and the performance of the obligations and liabilities under this Note the Corporation grants a first ranking security interest to the Holder, and therefore hypothecates to and in favour of the Holder the universality of all of its movable (personal) and immovable property and assets, corporeal (tangible) and incorporeal (intangible), present and future, of whatever nature and wherever situated. Such a Deed of Hypothec, movable and immovable shall be prepared by a Notary of the province of Quebec and to be chosen by the Holder.
- (b) This note is part of a series of Notes having a total aggregate principal amount of \$12,500,000. The obligations of the Notes of this series shall rank *pari passu* with each other in all respects.

5. **Repayments and Prepayments.**

- (a) Canada House shall have the right at any time or times to prepay all or any portion of the principal amount of this Note and any accrued and unpaid Interest thereon without the consent of the Holder, and without penalty or notice. Subject to the terms hereof, Canada House will use its best efforts to repay \$2,000,000 million of the Note within the first 180 days of the date hereof.
- (b) Canada House shall be obligated to make repayments of the principal amount of this Note and any accrued and unpaid Interest thereon as follows, in each case subject to the prior approval by the Board of Directors of Canada House:
 - (i) in the event Canada House issues equity securities or securities convertible into or exercisable for equity securities, Canada House shall repay no less than 25% of the net proceeds from such issuance to the repayment of the principal amount of this Note and any accrued and unpaid Interest but only to the extent the purchasers of such equity securities consent to such repayment;

- (ii) in the event Canada House and/or the Corporation obtain debt financing with no equity component (the “**Loan**”), 50% of the Loan amount shall be used for the repayment of the principal amount of this Note;
- (iii) in the event Canada House disposes of its wholly-owned subsidiary Canada House Clinics Inc. (“**CHC**”), whether as a share sale or a sale of substantially all of the assets of CHC, and such disposition does not constitute a sale of all or substantially all of the assets of Canada House, Canada House shall apply towards the repayment of the principal amount of this Note and any accrued and unpaid Interest an amount not to exceed 30% of the net cash proceeds resulting from such disposition after the Board of Directors of Canada House having reasonably made adequate provision for working capital, capital expenditures and other expenses for the eighteen month period following such disposition; and
- (iv) for each six (6) month period over the first thirty (30) months following the date hereof in which Canada House, on a consolidated basis: (i) realizes Cash Flow (as defined below) in excess of \$2,000,000 and (ii) has not less than \$3,000,000 in cash and cash equivalents on a consolidated basis as at the last day of each six (6) month period, Canada House shall apply 50% of the amount of cash and cash equivalents in excess of \$3,000,000 as at such period end to the repayment of the principal amount of this Note and any accrued and unpaid Interest. For the purpose of this Section 5(b)(iv), Cash Flow means:

Net Income
 + depreciation and amortization
 + noncash expenses (including stock-based compensation)
 - cash out flow from financing (any principal and or interest payments)
 - any capital expenditures
 - cash repayments of this Note

For clarity, the assessment set out in this Section 5(b)(iv) will be conducted on the 6, 12, 18, 24, and 30-month anniversaries of the date hereof.

6. **Payments.** Any payment to be made hereunder will be validly and effectively made if such payment is made to the Holder, at the address set forth above or to such other person and/or at such other address as the Holder may from time to time direct in writing or by electronic transfer of immediately available funds to such wire instructions as the Holder may provide to Canada House by notice in accordance with the terms hereof. Any payment to be made hereunder on a date which is not a Business Day shall be payable on the next Business Day following such date. Any payments not received by the Holder by four o'clock p.m. on a Business Day shall be deemed to have been received on the next Business Day. Promptly after Canada House having paid all or any portion of the principal amount of this Note, Canada House shall be entitled to receive from the Holder an acknowledgement of receipt in full or partial discharge, as the case may be, of its obligations under this Note.
7. **Event of Default.** The occurrence and continuance of any of the following shall constitute an event of default (each an “**Event of Default**” hereunder:

- (a) Canada House fails to pay any principal amount of the Note and any Interest when due and such failure continues for 30 days;
- (b) (i) Canada House commences any case, proceeding or other action (A) under any existing or future law relating to bankruptcy, insolvency, reorganization, or other relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Canada House makes a general assignment for the benefit of its creditors; (ii) there is commenced against Canada House any case, proceeding or other action of a nature referred to in (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 30 days; (iii) there is commenced against Canada House any case, proceeding or other action seeking issuance of a warrant of attachment, execution or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which has not been vacated, discharged, or stayed or bonded pending appeal within 30 days from the entry thereof; (iv) Canada House takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in (i), (ii) or (iii) above; or (v) Canada House is generally not, or shall be unable to, or admits in writing its inability to, pay its debts as they become due; and
- (c) Any court of competent jurisdiction issues a final, non-appealable judgment, decree or order declaring this Note or any of the security documents for this Note referred to in Section 4 hereof or any provision thereunder to be illegal; and
- (d) Except as described in Section 4, the granting without the Holder's consent of a security interest over the assets of the Corporation purporting to rank senior to, or pari passu with, the security interest granted to the Holder hereunder.

As soon as possible and in any event within thirty (30) Business Days after it becomes aware that an Event of Default has occurred, Canada House shall notify the Holder in writing of the nature and extent of such Event of Default and the action, if any, it has taken or proposes to take with respect to such Event of Default.

Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Holder may at its option, by written notice to Canada House (a) declare the entire principal amount of this Note, together with all accrued Interest thereon and all other amounts payable hereunder, immediately due and payable; and/or (b) exercise any or all of its rights, powers or remedies under the Guarantee, the General Security Agreement or applicable law; provided, however that, if an Event of Default described in Section 7(b) shall occur, the principal of and accrued Interest on the Loan shall become immediately due and payable without any notice, declaration or other act on the part of the Holder.

8. **Waiver of Notice.** The extension of time for making any payment which is due and payable hereunder at any time or the failure, delay or omission on the part of the Holder to exercise or enforce any rights or remedies of the Holder hereunder or under any

instrument securing payment of the indebtedness evidenced by this Note shall not constitute a waiver of the right of the Holder to enforce such rights and remedies thereafter.

9. **Waiver of Formalities.** Canada House hereby waives presentment for payment, notice of non-payment, protest, notice of protest, notice of dishonour and diligence in collection or bringing suit.
10. **Indemnification Claims – Right of Set-Off.** Notwithstanding anything herein contained, this Note is made in accordance with, and is subject to the terms and conditions of the Share Exchange Agreement, including, without limiting the generality of the foregoing, the indemnification claim and right of set-off in favour of Canada House as set forth in Sections 10.1(a), 10.1(c) and 10.1(d) of the Share Exchange Agreement. For further clarity, and notwithstanding anything herein contained, if Canada House timely delivers a Notice of Claim to the Holder, the amount of the Claim shall for all purposes of this Note, including any obligation to pay the principal amount pursuant to Section 2 shall be deemed not to be due and payable until such Claim is determined (the “**Withheld Funds**”) by mutual agreement or by a final judicial or quasi-judicial determination, and no Event of Default shall occur with respect to the amount of the Claim unless Canada House fails to pay any outstanding principal amount within ten Business Days of the determination of the amount of the Claim. As for the Notice of Claim and the amount set-off pursuant to this section or the Share Exchange Agreement, if, at the conclusion of any proceeding with respect to which indemnification is provided under this Agreement or the Share Exchange Agreement, such Claim is determined by mutual agreement or by a final judicial or quasi-judicial determination establishing the amounts due as part of the, the set-off of Withheld Funds against those amounts pursuant to this section shall satisfy the indemnification obligations in respect of such amounts. All surplus Withheld Funds after set-off shall be payable within 10 Business Days following such final determination.
11. **Notices.** Any notice required or desired to be given hereunder or under any instrument supplemental hereto shall be in writing and may be given by personal delivery, by facsimile transmission or by sending the same by registered mail, postage prepaid, to the Holder or to Canada House at their respective addresses set out above and, in the case of facsimile transmission, to the facsimile numbers set out above. Any notice so delivered shall be conclusively deemed given when personally delivered and any notice sent by facsimile or other means of electronic transmission shall be conclusively deemed given when received, except that if not received by four o'clock p.m. on a Business Day, it shall be deemed to have been delivered on the Business Day following the sending of the notice, and any notice so mailed shall be conclusively deemed given on the third Business Day following the day of mailing, provided that in the event of a known disruption of postal service, notice shall not be given by mail.
12. **Binding Effect, Governing Law and Headings.** These presents are binding upon the parties hereto and their respective heirs, executors, trustees, personal representatives, administrators, successors and assigns. This Note shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The division of this Note into sections and the insertion of headings is for convenience of reference only and shall not affect the constitution or interpretation of this Note.

CANADA HOUSE CANNABIS GROUP INC.

By: "Chris Churchill-Smith"
Name: Chris Churchill-Smith
Title: CEO