UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

PLANET 13 HOLDINGS INC.

(Exact name of registrant as specified in its charter)

British Columbia	**83-2787199**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
2548 West Desert Inn Road, Suite 100 **Las Vegas, Nevada 89109**	**(702) 206-1313**
(Address of principal executive offices and zip code)	(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

None

Securities to be registered pursuant to Section 12(g) of the Act:

Common Shares

(Title of class)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financing accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY AND FILING THIS REGISTRATION STATEMENT

As a company with less than $1.07 billion in revenue during our most recently completed fiscal year, we qualify as an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended, which we refer to as the "**Securities Act**," as modified by the Jumpstart Our Business Startups Act of 2012, or the "**JOBS Act**." As an emerging growth company, we may take advantage of specified reduced disclosure and other exemptions from requirements that are otherwise applicable to public companies that are not emerging growth companies. These provisions include:

- Reduced disclosure about our executive compensation arrangements;
- Exemptions from non-binding shareholder advisory votes on executive compensation or golden parachute arrangements; and
- Exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.07 billion in annual revenues as of the end of a fiscal year, if we are deemed to be a large-accelerated filer under the rules of the Securities and Exchange Commission (the "**SEC**") or if we issue more than $1.0 billion of non-convertible debt over a three-year period.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an emerging growth company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. You should assume that the information contained in this document is accurate as of the date of this registration statement on Form 10 only.

This registration statement will become effective automatically 60 days from the date of the original filing, pursuant to Section 12(g)(1) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). As of the effective date, we will become subject to the reporting requirements of Section 13(a) under the Exchange Act and will be required to file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and we will be required to comply with all other obligations of the Exchange Act applicable to issuers that are subject to the Exchange Act.

USE OF NAMES AND CURRENCY

In this registration statement on Form 10, unless the context otherwise requires, the terms "**we**," "**us**," "**our**," "**Company**," or "**Planet 13**" refer to Planet 13 Holdings Inc. together with its wholly-owned subsidiaries.

Unless otherwise indicated, all references to "$," "US$" or "USD" in this registration statement refer to United States dollars, and all references to "C$" or "CAD" refer to Canadian dollars.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This registration statement includes "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this registration statement that addresses activities, events or developments that we expect or anticipate will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may," "would," "could," "should," "will," "intend," "plan," "anticipate," "believe," "estimate," "expect" or similar expressions and includes, among others, information regarding: information concerning the timing and completion of the Transaction (defined herein) and the acquisition of all of the issued and outstanding NGW Shares (defined herein); the timing and anticipated receipt of required regulatory, court and shareholder approvals for the Transaction and other customary closing conditions; integration of NGW's operations; the anticipated benefits of the Transaction, including the corporate, operational and financial benefits, our strategic plans and expansion and expectations regarding the growth of the California cannabis market; expectations for the effects of the Business Combination (defined herein); statements relating to the business and future activities of, and developments related to, us after the date of this registration statement, including such things as future business strategy, competitive strengths, goals, expansion and growth of our business, operations and plans, new revenue streams, the completion by us of contemplated acquisitions of additional real estate, cultivation and licensing assets, the roll out of new dispensaries, the application for additional licenses and the grant of licenses or renewals of existing licenses that have been applied for, the expansion of existing cultivation and production facilities, the completion of cultivation and production facilities that are under construction, the construction of additional cultivation and production facilities, the expansion into additional U.S. markets, any potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the United States and the states in which we operate or contemplate future operations; expectations for other economic, business, regulatory and/or competitive factors related to us or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of our management at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, among others the ability of the Company and NGW (defined herein) to receive, in a timely manner, the necessary regulatory, court, shareholder, stock exchange and other third-party approvals to consummate the Transaction; our ability and NGW's ability to satisfy, in a timely manner, the other conditions to the closing of the Transaction; the ability to complete the Transaction on the terms contemplated by the definitive arrangement agreement and other agreements, including the voting and support agreements, or at all; our ability to realize the anticipated benefits of the Transaction and the timing thereof; the consequences of not completing the Transaction, including the volatility of the share prices of the Company and NGW; negative reactions from the investment community and the required payment of certain costs related to the Transaction; actions taken by government entities or others seeking to prevent or alter the terms of the Transaction; potential undisclosed liabilities unidentified during the due diligence process; the interpretation of the Transaction by tax authorities; the focus of management's time and attention on the Transaction and other disruptions arising from the Transaction; our actual financial position and results of operations differing from management's expectations; our business model; a lack of business diversification; increasing competition in the industry; public opinion and perception of the cannabis industry; expected significant costs and obligations; current reliance on limited jurisdictions; development of our business; access to capital; risks relating to the management of growth; risks inherent in an agricultural business; risks relating to energy costs; risks related to research and market development; risks related to breaches of security at our facilities; reliance on suppliers; risks relating to the concentrated voting control of the Company; risks related to our being a holding company; risks related to service providers withdrawing or suspending services under threat of prosecution; risks related to proprietary intellectual property and potential infringement by third parties; risks of litigation relating to intellectual property; negative clinical trial results; insurance related risks; risk of litigation generally; risks associated with cannabis products manufactured for human consumption, including potential product recalls; risks relating to being unable to attract and retain key personnel; risks relating to obtaining and retaining relevant licenses; risks relating to integration of acquired businesses; risks related to quantifying our target market; risks related to industry growth and consolidation; fraudulent activity by employees, contractors and consultants; cyber-security risks; conflicts of interest; risks related to reputational damage in certain circumstances; leased premises risks; risks related to the COVID-19 pandemic; U.S. regulatory landscape and enforcement related to cannabis, including political risks; heightened scrutiny by Canadian regulatory authorities; risks related to capital raising due to heightened regulatory scrutiny; risks related to tax liabilities; risks related to U.S. state and local law regulations; risks related to access to banks and credit card payment processors; risks related to potential violation of laws by banks and other financial institutions; ability and constraints on marketing products; risks related to lack of U.S. federal trademark and patent protection; risks related to the enforceability of contracts; the limited market for our securities; difficulty for U.S. holders of Common Shares to resell over the CSE (as defined herein); price volatility of Common Shares; uncertainty regarding legal and regulatory status and changes; risks related to legislation and cannabis regulation in the states in which we operate or contemplate future operations; future sales by shareholders; no guarantee regarding use of available funds; currency fluctuations; risks related to entry into the U.S; and other factors beyond our control, as more particularly described under the heading "Risk Factors" in this registration statement.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although we have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding our expected financial and operating performance and our plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this registration statement represent our views and expectations as of the date of this registration statement. We anticipate that subsequent events and developments may cause our views to change. However, while we may elect to update such forward-looking information and statements at a future time, we have no current intention of doing so except to the extent required by applicable law.

ITEM 1. BUSINESS

Background

We are a vertically integrated cultivator and provider of cannabis and cannabis-infused products in the State of Nevada. Through our subsidiaries in Nevada, we hold six licenses for cultivation (three medical licenses and three recreational licenses), six licenses for production (three medical licenses and three recreational licenses), three dispensary licenses (one medical license and two recreational licenses) and two distribution licenses (one active and one conditional). Additionally, in California, through Newtonian Principles, Inc. ("**Newtonian**"), a wholly-owned subsidiary of ours located in Santa Ana, California, we hold one dispensary license and one distribution license. Our common shares are listed for trading on the Canadian Securities Exchange ("**CSE**") under the symbol "PLTH" and quoted on the OTCQX in the United States under the symbol "PLNHF."

We currently sell over 107 different strains of cannabis (more than 20 of which are grown in house) and have a customer-loyalty database of over 45,000 customers. We own and manufacture cannabis products under the following brands: HaHa (gummies and beverages), Dreamland (chocolates), TRENDI (vapes and concentrates), Medizin (flower, vapes, concentrates), Leaf and Vine (vapes).

We operate our cultivation licenses at three separate facilities, each location operating jointly under a medical and adult-use cultivation license. Two of our cultivation licenses operate out of Clark County, Nevada (Las Vegas) and include indoor cultivation and perpetual harvest cycles. One is located in an approximately 16,100 square foot facility, and the other operates out of a 25,000 square foot facility and is in construction to expand to a total of 45,000 square feet. The third cultivation license is located near the town of Beatty in Nye County, Nevada. The Beatty cultivation facility currently houses approximately 500 square feet of research and development and genetics testing with the potential to expand to over 2,300,000 square feet of greenhouse production capacity on 80 acres of owned land that includes municipal water and abundant electrical power already at the edge of the property.

Our six production licenses operate at three licensed production facilities, each location operating jointly under a medical and adult-use cultivation license. One production facility is a 18,500 square foot customer facing production facility that opened inside our cannabis entertainment complex adjacent to the Las Vegas Strip (the "**Planet 13 Las Vegas Superstore**"). This facility incorporates butane hash oil extraction (BHO extraction), distillation equipment and microwave assisted extraction equipment as well as a state-of-the-art bottling and infused beverage line and an edibles line able to produce infused chocolates, infused gummies and other edible products. The second production facility is co-located at the Beatty facility, and the third facility is co-located in a 25,000 square foot cultivation facility located in Las Vegas.

We operate two dispensaries in Nevada under two adult-use and one medical licenses. Since 2018, two licenses (one medical and one adult-use) jointly operate out of the Planet 13 Las Vegas Superstore and occupy approximately 24,000 square feet of retail space adjacent to the Las Vegas Strip. Prior to relocating to the Planet 13 Las Vegas Superstore, the licenses operated out of a 2,300 square foot facility located approximately six miles off the Las Vegas Strip (the "**Medizin Facility**"). In September 2020, we received an unincorporated Clark County recreational license for the Medizin Facility dispensary which had closed when its dispensary licenses were transferred to the Planet 13 Las Vegas Superstore and re-opened the Medizin Facility on November 30, 2020.

Additionally, we have an active distribution license and launched a distribution and delivery service in Nevada to augment our retail locations and deliver product to both wholesale customers and local Nevada state residents throughout the State of Nevada. We expect our Las Vegas conditional license to be operational in 2022.

We operate one dispensary in California and occupy approximately 25,600 square feet of retail space on Warner Boulevard in the City of Santa Ana located in Orange County (the "**Planet 13 OC Superstore**"). We have a licensed 6,300 square feet distribution facility adjacent to the Planet 13 OC Superstore, and launched a distribution and delivery service in Orange County to augment our retail location and deliver product to customers and local California state residents throughout Orange County and the surrounding area.

On August 5, 2021, our subsidiary, Planet 13 Illinois LLC ("**Planet 13 Illinois**"), which is owned 49% by us and 51% by Frank Cowan, a resident of Illinois, was a lottery winner for a Social-Equity Justice Involved Conditional Adult Use Dispensing Organization License in the Chicago-Naperville-Elgin region from the Department of Financial and Professional Regulation in the State of Illinois. We intend to open a dispensary in the downtown Chicago area and anticipate that it will be operational in late 2022. On October 5, 2021, we formed Planet 13 Chicago, LLC as a 100% owned leasing entity to support future operations in Illinois.

On October 1, 2021, our wholly owned subsidiary, Planet 13 Florida Inc. ("**Planet 13 Florida**"), completed the acquisition of a license from a subsidiary of Harvest Health & Recreation Inc. (the "**Seller**") pursuant to which Planet 13 Florida purchased from the Seller a license to operate as a Medical Marijuana Treatment Center issued by the Florida Department of Health for $55,000,000 in cash. No other assets or liabilities were acquired. Licensed Medical Marijuana Treatment Centers ("**MMTCs**") are vertically integrated and the only businesses in Florida authorized to dispense medical marijuana cannabis to qualified patients and caregivers. MMTCs are authorized to cultivate, process, transport and dispense medical marijuana. As of September 24, 2021, there were 22 companies with MMTC licenses with 370 dispensing locations across Florida. License holders are not subject to restrictions on the number of dispensaries that may be opened or on the number or size of cultivation and processing facilities they may operate.

The following table presents the inter-corporate relationships between us and our subsidiaries as at the date hereof.

Subsidiaries of Company	Ownership and control	Description
MM Development Company, Inc.	100%	Licensed Nevada cannabis operations
BLC Management Company, LLC	100%	Management / Holding Entity
LBC CBD, LLC	100%	CBD products / sales company
BLC NV Food, LLC	100%	Holding company for By The Slice, LLC
By The Slice, LLC	100%	Subsidiary of BLC NV Food, LLC, holdings restaurant and retail operations
Newtonian Principles, Inc.	100%	Licensed California cannabis operations
Planet 13 Illinois, LLC	49%	Applicant entity for Illinois dispensary license in Chicago region
Planet 13 Florida, Inc.	100%	Holding company for Florida cannabis license
Planet 13 Chicago, LLC	100%	Holding entity for prospective Illinois lease(s)
MM Development MI, Inc.	100%	Inactive shelf corporation
MM Development CA, Inc.	100%	Inactive shelf corporation

Our registered office is located at 10th floor, 595 Howe St., Vancouver, BC V6C 2T5, and our head office is located at 2548 West Desert Inn Road, Suite 100, Las Vegas, Nevada 89109.

History of the Company

We were incorporated under the Canada Business Corporations Act ("**CBCA**") on April 26, 2002 under the name "High Income Preferred Shares Corporation." On October 18, 2010, Wombat Investment Trust acquired control of us and on January 1, 2011, we changed our name to "Carpincho Capital Corp." ("**Carpincho**").

MM Development Company, Inc. ("**MMDC**"), now one of our wholly owned subsidiaries, was formed on March 20, 2014 as a Nevada limited liability company under the name MM Development Company, LLC ("**MMDC LLC**") with the mission to provide compassionate, dignified and affordable access to cannabis, cannabis concentrates and cannabis-infused products to approved customers in the State of Nevada. MMDC LLC underwent a statutory conversion to a Nevada corporation and became MMDC on March 14, 2018. On June 11, 2018, MMDC completed a reverse-take-over ("**RTO**" or "**Business Combination**") transaction of Carpincho and filed Articles of Amendment to effect (i) a consolidation of its share capital on a 0.875 (new) for one (1) old basis; (ii) a name change from "Carpincho Capital Corp." to "Planet 13 Holdings Inc."; and (iii) the creation of a new class of convertible, class A restricted voting shares (the "**Restricted Voting Shares**"). The Restricted Voting Shares were convertible into common shares of the Company (the "**Common Shares**") at the option of the holders on a share-for-share basis.

On May 31, 2018, the Nevada State Department of Taxation ("**DOT**"), the agency which regulates cannabis operations in Nevada, approved the transfer of MMDC's cultivation production and dispensary licenses to us.

On June 26, 2019, we continued out of the jurisdiction of Canada under the CBCA into the jurisdiction of the Province of British Columbia under the Business Corporations Act (British Columbia) ("**BCBCA**"). On August 12, 2019, our wholly owned subsidiary 10653918 Canada Inc. ("**Finco**") was continued out of the jurisdiction of Canada under the CBCA into the jurisdiction of the Province of British Columbia under the BCBCA and on September 24, 2019, we completed a short-form vertical amalgamation with Finco (the "**Short Form Amalgamation**"). The Short Form Amalgamation was undertaken to simplify our corporate structure and to obtain certain administrative and financial reporting efficiencies. No securities were issued in connection with the Short Form Amalgamation.

Prior to the completion of the Business Combination, the only active business operations of Carpincho was to carry on activities as a venture capital company seeking assets or businesses with good growth potential to merge with or acquire. Following the Business Combination, we have continued the business of MMDC.

2018 Financings

Prior to 2018, MMDC was largely financed by its founders Robert Groesbeck and Larry Scheffler, and companies controlled by them, through a combination of cash contributions classified as debt with accrued interest exceeding US$6,600,000 and reinvestment of operating proceeds.

On January 1, 2018, Messrs. Groesbeck and Scheffler converted an aggregate of US$3,334,304 of their controlled entity debts to equity in MMDC and Chris Wren, Vice President of Operations of MMDC, contributed valuable intellectual property, including genetic strains, cultivation processes, and manufacturing processes, to MMDC in return for a 6% interest in MMDC. The foregoing resulted in MMDC issuing to such persons, in the aggregate, 25,300 class A common voting shares of MMDC and 49,700,000 class B common non-voting shares of MMDC which were subsequently converted into 25,300,000 Common Shares and 49,700,000 Restricted Voting Shares, respectively, on closing of the Business Combination.

On June 20, 2018, Messrs. Groesbeck and Scheffler, through controlled companies, converted an aggregate of approximately US$3.4 million principal amount and accrued interest of unsecured promissory notes of the Company held by them into an aggregate of 5,532,940 Restricted Voting Shares, or 2,766,470 Restricted Voting Shares each, at a conversion price of C$0.80 per Restricted Voting Share.

On October 15, 2015, an original member of MMDC LLC, Ollehea, LLC, requested that MMDC LLC repurchase its interest as allowed under an operating agreement then in effect. Consequently, the remaining members of MMDC LLC at the time agreed to issue promissory notes to Ollehea on behalf of the MMDC LLC in the amount of US$101,997 each to satisfy the repurchase requirement. The notes were repaid by us on July 9, 2018.

2018 Subscription Receipt Offering

Over the course of three tranches on April 26, May 18 and May 23, 2018, Finco completed private placements of subscription receipts (the "**Subscription Receipts**") at a price of C$0.80 per Subscription Receipt for aggregate gross proceeds of approximately C$25.1 million (the "**Subscription Receipt Offering**"), the brokered portion of which was conducted by a syndicate of agents co-led by Beacon Securities Limited and Canaccord Genuity Corp. and including Haywood Securities Inc. (collectively, the "**Agents**"). The proceeds from the Subscription Receipt Offering, less certain expenses, were placed into escrow on completion of the Subscription Receipt Offering. In connection with the completion of the Business Combination, the Subscription Receipts were converted on a one-for-one basis into a total of 31,458,300 common shares of Finco and 15,729,150 common share purchase warrants of Finco, which upon completion of the acquisition of Finco by us were exchanged for an equal number of Common Shares and Common Share purchase warrants (the "**Common Share Warrants**"), respectively, and the escrowed proceeds from the Subscription Receipt Offering, less the commission of the Agents and certain fees and expenses, were released from escrow to us. Each Common Share Warrant may be exercised for one Common Share at an exercise price of C$1.40 for a period of 24 months from the date of issue. In consideration for services rendered, the Agents were paid a cash commission equal to 6% of the gross proceeds of the Subscription Receipt Offering and issued 1,485,645 compensation warrants (the "**Compensation Warrants**"). Each Compensation Warrant entitled the holder thereof to purchase one Common Share at an exercise price of C$0.80 until June 11, 2020.

2018 Bought Deal Offering

On December 4, 2018, we issued 8,735,250 units (each, a "**Unit**") at a price of C$3.00 per Unit and 425,000 Common Share Warrants (the "**Over-Allotment Warrants**") for a price of C$0.44 per Over-Allotment Warrant for aggregate gross proceeds of C$26,392,750 pursuant to a bought deal offering (the "**2018 Bought Deal Offering**"). The 2018 Bought Deal Offering was led by Beacon Securities Limited and included Canaccord Genuity Corp and Cormark Securities Inc. (collectively, the "**2018 Bought Deal Underwriters**"). Each Unit was comprised of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a "**Unit Warrant**" and, together with the Over-Allotment Warrants, the "**2018 Bought Deal Warrants**"). Each 2018 Bought Deal Warrant entitled the holder to purchase one Common Share at an exercise price of C$3.75 for a period of 36 months following the closing of the 2018 Bought Deal Offering unless earlier accelerated by us pursuant to the terms thereof. On December 23, 2020, we announced that we had elected to accelerate the expiry date of the outstanding 2018 Bought Deal Warrants to January 28, 2021.

As consideration for services rendered, the 2018 Bought Deal Underwriters were paid a cash commission equal to 6.0% of the gross proceeds of the 2018 Bought Deal Offering and issued compensation options equal to 6% of the number of Units and Over-Allotment Warrants sold (the "**Compensation Options**"). Each Compensation Option entitled the holder thereof to purchase one Common Share at an exercise price of C$3.00 for a period of 24 months following the closing of the 2018 Bought Deal Offering. We recorded share issuance costs of C$1,536,302.

2019 Formation of Non-Operational Entities

In 2019, we formed MM Development MI, Inc. and Planet 13 Illinois, LLC for the purpose of state and local cannabis applications, and LBC CBD, LLC for the purpose of marketing and selling our cannabidiol ("**CBD**") line of products. We also formed BLC NV Food, LLC in January 2020, for the purpose of potential lounge, restaurant, and catering opportunities, and submitted restricted license applications to local jurisdictions in Nevada. These projects are non-operational as at the date hereof, and as material information develops related to each entity, it will be disclosed at the appropriate time and manner by us.

2020 Acquisitions and Financing, Re-Opening Medizin Dispensary

Santa Ana Acquisition

On May 20, 2020, we acquired all of the issued and outstanding common stock (the "**Newtonian Shares**") of Newtonian Principles Inc. ("**Newtonian**") (the "**Santa Ana Acquisition**"), resulting in our acquiring a provisional cannabis retail license, adult use issued by the State of California Bureau of Cannabis Control (the "**California License**") and a regulatory safety permit issued by the City of Santa Ana (the "**Santa Ana Permit**"), which were both held by Newtonian, and a 30-year lease for a dispensary in Santa Ana, California (the "**Santa Ana Premises**") along with certain other assets (collectively, the "**Warner Assets**") from Warner Management Group, LLC ("**Warner**"). Newtonian had no operations at the time of the Santa Ana Acquisition. We issued 3,940,932 Restricted Voting Shares (the "**Santa Ana Consideration Shares**"), representing an agreed value of US$4,000,000, to certain vendors in consideration for the Newtonian Shares, and paid Warner US$1,000,000 in cash and cancelled an interim buildout loan to Warner in consideration for the Warner Assets.

The Santa Ana Consideration Shares were subject to a four-month and one day hold period under Canadian securities laws and were subject to a lock-up whereby 1/8 of the Santa Ana Consideration Shares were released from lock-up each month beginning on September 22, 2020.

On September 25, 2020, Newtonian received a Regulatory Safety Permit Phase 1 approval from the City of Santa Ana for distribution activities at the Santa Ana Premises. On June 18, 2021, Newtonian received both a Commercial Cannabis Adult-Use Retail Sales and a Commercial Cannabis Distribution Regulatory Safety Permit Phase 2 approval from the City of Santa Ana, and on June 21, 2021, received a California Adult-Use and Medicinal – Distributor License.

In mid-June 2021, we completed the build-out of the Planet 13 OC Superstore dispensary and distribution facility, and opened the facility for California State and the City of Santa Ana licensed cannabis sales and distribution starting July 1, 2021.

WCDN Acquisition

On July 17, 2020, we entered into an asset purchase agreement (the "**WCDN Asset Acquisition Agreement**") with West Coast Development Nevada, LLC ("**WCDN**"), W The Brand, LLC, and R. Scott Coffman, pursuant to which we, through MMDC, acquired cannabis inventory, equipment and tenant improvements located in a 25,000 square feet facility at 4801 West Bell Drive, Las Vegas, Nevada 89118 (the "**WCDN Acquisition Facility**"), which has the ability to expand to 45,000 square feet (the "**WCDN Acquisition**"). The purchase price for the asset purchase was US$4.1 million and consisted of US$1.156 million in cash for the inventory and US$3 million (US$0.5 million cash and US$2.5 million of Common Shares, resulting in the issuance of 1,374,833 Common Shares (the "**WCDN Consideration Shares**") based on a 10-day volume weighted average price of the Common Shares as of the close of trading on July 16, 2020) for the operating assets and licenses. The WCDN Consideration Shares were held in escrow until the Second Closing (as defined herein). The WCDN Acquisition allowed us to solidify our vertical integration in Nevada. The privileged licenses included medical and adult-use cultivation and production licenses in unincorporated Clark County, and these licenses were transferred to our existing Nevada subsidiary, MMDC, to be operated on the same terms and subject to the same oversight provided at MMDC's current production and cultivation operations in unincorporated Clark County, Nevada.

The transaction was scheduled to close in two parts, the first closing being cash transferred for the equipment and cannabis inventory which occurred on July 17, 2020, and the second closing (the "**Second Closing**") being contingent on the approval to transfer the license and receipt of the cultivation and production licenses from the State of Nevada's Cannabis Control Board (the "**CCB**"). On August 25, 2020, the CCB conditionally approved the transfer of the cultivation and production licenses to MMDC, and on September 3, 2020, MMDC received the cultivation and production licenses pursuant to a letter from the CCB and certificates issued on November 3, 2020. By way of an October 12, 2020 letter from the CCB, MMDC received a conditional distribution license from WCDN. The CCB later revisited that letter, claimed it was issued unintentionally or in error, and by CCB public hearing approved the transfer of the conditional distribution license from WCDN to MMDC on December 18, 2020. The approval of the conditional distribution license was confirmed in a letter from the CCB dated January 4, 2021. This is a conditional permit, and no certificate will be available until receipt of a final inspection by the CCB on or prior to February 5, 2022. On December 28, 2021, we timely submitted an extension request which is being reviewed by the CCB. In the event an extension is not granted to the final inspection deadline, we do not expect this to have an impact on our operations, as this conditional license is redundant to the existing distribution license we hold in Clark County, Nevada.

On September 11, 2020, we mutually agreed with WCDN that the receipt by MMDC of a business license issued by unincorporated Clark County which would permit us to conduct business in Clark County (the "**Clark County Business License**") was a necessary condition precedent to the Second Closing. MMDC received the Clark County Business License and subsequently completed the Second Closing on November 27, 2020, at which time WCDN Consideration Shares were released from escrow to WCDN.

Concurrent with the first closing of the WCDN Acquisition, RX Land, LLC ("**RX Land**"), an entity owned by Robert Groesbeck and Larry Scheffler (our co-chief executive officers, collectively the "**Co-CEOs"** and each a "**Co-CEO**"), acquired the WCDN Acquisition Facility for US$3.3 million and entered into a lease agreement with WCDN in respect of such facility (the "**Initial West Bell Lease**"). In accordance with the terms of the WCDN Asset Acquisition Agreement and approvals by our independent directors, WCDN assigned the Initial West Bell Lease to MMDC on November 25, 2020, and MMDC subsequently entered into an amending agreement with RX Land on November 27, 2020, to amend certain terms of such lease agreement including increasing the lease payments, extending the duration of the lease and, if desired, allowing for second floor installation by MMDC without a corresponding lease rate increase due to an increase in facility size.

July 2020 Bought Deal Offering

On July 3, 2020, we completed bought deal financing for aggregate gross proceeds of C$11,521,850 (the "**July 2020 Bought Deal**") pursuant to which an aggregate of 5,359,000 units (each, a "**July 2020 Bought Deal Unit**") of the Company were sold at a price of C$2.15 per July 2020 Bought Deal Unit. Each July 2020 Bought Unit consisted of one Common Share and one-half (1/2) of one Common Share purchase warrant (each whole warrant, a "**July 2020 Bought Deal Warrant**"). Each July 2020 Bought Deal Warrant entitles the holder thereof to acquire one Common Share at an exercise price of C$2.85 per Common Share until July 3, 2022.

The underwriters received a cash commission equal to 6.0% of the gross proceeds from the sale of the July 2020 Bought Deal Units. The underwriters also received compensation options (each a "**July 2020 Bought Deal Compensation Option**") equal to 6.0% of the number of July 2020 Bought Deal Units sold. Each July 2020 Bought Deal Compensation Option entitles the underwriters to purchase one Common Share at a price of C$2.15 until July 3, 2022.

September 2020 Bought Deal Offering

On September 10, 2020, we completed our previously announced bought deal financing for aggregate gross proceeds of C$23,019,550 (the "**September 2020 Bought Deal**") pursuant to which an aggregate of 6,221,500 units (each, a "**September 2020 Bought Deal Unit**") of the Company were sold at a price of C$3.70 per September 2020 Bought Deal Unit. Each September 2020 Bought Unit consisted of one Common Share and one-half (1/2) of one Common Share purchase warrant (each whole warrant, a "**September 2020 Bought Deal Warrant**"). Each September 2020 Bought Deal Warrant entitles the holder thereof to acquire one Common Share at an exercise price of C$5.00 per Common Share until September 10, 2022.

The underwriters received a cash commission equal to 6.0% of the gross proceeds from the sale of the September 2020 Bought Deal Units. The underwriters also received compensation options (each a "**September 2020 Bought Deal Compensation Option**") equal to 6.0% of the number of September 2020 Bought Deal Units sold. Each September 2020 Bought Deal Compensation Option entitles the underwriters to purchase one Common Share at a price of C$3.70 until September 10, 2022.

November 2020 Bought Deal Offering

On November 5, 2020, we completed our previously announced bought deal financing for aggregate gross proceeds of C$28,604,625 (the "**November 2020 Bought Deal**") pursuant to which an aggregate of 6,698,750 units (each, a "**November 2020 Bought Deal Unit**") of the Company were sold at a price of C$4.30 per November 2020 Bought Deal Unit. Each November 2020 Bought Unit consisted of one Common Share and one-half (1/2) of one Common Share purchase warrant (each whole warrant, a "**November 2020 Bought Deal Warrant**"). Each November 2020 Bought Deal Warrant entitles the holder thereof to acquire one Common Share at an exercise price of C$5.80 per Common Share until November 5, 2022.

The underwriters received a cash commission equal to 6.0% of the gross proceeds from the sale of the November 2020 Bought Deal Units. The underwriters also received compensation options (each a "**November 2020 Bought Deal Compensation Option**") equal to 6.0% of the number of November 2020 Bought Deal Units sold. Each November 2020 Bought Deal Compensation Option entitles the underwriters to purchase one Common Share at a price of C$4.30 until November 5, 2022.

Medizin Re-opening

MMDC applied for dispensary licenses in Nevada pursuant to a competitive application process in September 2018, and was notified that no licenses were awarded in December 2018. On information known at that time, MMDC filed a lawsuit against the State of Nevada, along with a significant majority of similarly denied applicants. After the first week of trial in July 2020 concerning that litigation pending from December 2018, MMDC entered into a settlement agreement with the State of Nevada, and defendants in intervention to receive a license in unincorporated Clark County to reopen the Medizin location (the "**Nevada License Settlement**"). On July 31, 2020, the Nevada Tax Commission convened and approved the signed Nevada License Settlement and requested that the CCB, which had authority over Nevada-licensed cannabis businesses as of July 1, 2020, also convene and approve the settlement. On August 7, 2020, the CCB convened and approved the Nevada License Settlement. Pursuant to the Nevada License Settlement, our subsidiary MMDC agreed to a release and waiver of its claims against the State of Nevada and the defendants in intervention, in return for MMDC receiving the provisional unincorporated Clark County adult-use dispensary license originally received by Nevada Organic Remedies in December 2018. Pursuant to a letter dated September 3, 2020, the CCB transferred the conditional Clark County dispensary license to MMDC. On November 20, 2020, we opened the Medizin store location, having received CCB final inspection approvals and a Clark County business license.

2021 Bought Deal Offering, Opening of Planet 13 OC Superstore, Illinois Conditional license award, Florida License Purchase Agreement and Arrangement Agreement with Next Green Wave Holdings Inc.

On February 2, 2021, we completed a bought deal financing for aggregate gross proceeds of C$69,028,750 (the "**February 2021 Bought Deal**") pursuant to which an aggregate of 9,861,250 units (each, a "**February 2021 Bought Deal Unit**") of the Company were sold at a price of C$7.00 per February 2021 Bought Deal Unit. Each February 2021 Bought Unit consisted of one Common Share and one-half (1/2) of one Common Share purchase warrant (each whole warrant, a "**February 2021 Bought Deal Warrant**"). Each February 2021 Bought Deal Warrant entitles the holder thereof to acquire one Common Share at an exercise price of C$9.00 per Common Share until February 2, 2023.

The underwriters received a cash commission equal to 6.0% of the gross proceeds from the sale of the February 2021 Bought Deal Units. The underwriters also received compensation options (each a "**February 2021 Bought Deal Compensation Option**") equal to 6.0% of the number of February 2021 Bought Deal Units sold. Each February 2021 Bought Deal Compensation Option entitles the underwriters to purchase one Common Share at a price of C$7.00 until February 2, 2023.

Following completion of tenant improvement construction in the first and second quarters of 2021, on July 1, 2021 the our subsidiary, Newtonian, opened the Planet 13 OC Superstore, a California licensed and City of Santa Ana permitted cannabis dispensary and distribution facilities, at 25,600 and 6,300 square feet, respectively.

On August 5, 2021, our subsidiary, Planet 13 Illinois, which is owned 49% by us and 51% by Frank Cowan, a resident of Illinois, was a lottery winner for a Social-Equity Justice Involved Conditional Adult Use Dispensing Organization License in the Chicago-Naperville-Elgin region from the Department of Financial and Professional Regulation in the State of Illinois. We intend to launch a dispensary in the downtown Chicago area and anticipate that it will be operational in late 2022.

On October 1, 2021, Planet 13 Florida completed the acquisition of a license from the Seller pursuant to which Planet 13 Florida purchased from the Seller a license to operate as a MMTC issued by the Florida Department of Health for $55,000,000 in cash.

On December 20, 2021, we entered into an arrangement agreement (the "**Arrangement Agreement**") with Next Green Wave Holdings Inc. ("**NGW**") pursuant to which we have agreed to acquire (the "**Acquisition**") all of the issued and outstanding common shares of NGW (the "**NGW Shares**") pursuant to a plan of arrangement (the "**Plan of Arrangement**") under the Business Corporations Act (British Columbia) (the "**Transaction**").We have agreed to acquire all of the NGW Shares for a total consideration of approximately C$91 million. Under the terms of the Arrangement Agreement, based on pricing as of December 17, 2021, holders of NGW Shares (the "**NGW Shareholders**") will receive 0.1081 of our Common Shares (the "**Planet 13 Shares**"), subject to adjustment as set out below (the "**Exchange Ratio**"), and C$0.0001 in cash, for each NGW Share held, representing an implied price per NGW Share of C$0.465. The Exchange Ratio is subject to adjustment as follows: (i) if the 10-day volume weighted average price of the Planet 13 Shares on the second business day prior to closing (the "**Closing Price**") is less than C$5.50 but greater than C$4.06, the Exchange Ratio will be calculated as C$0.465 divided by the Closing Price; (ii) if the Closing Price is less than or equal to C$4.06, the Exchange Ratio will be fixed at 0.1145; and (iii) if the Closing Price is greater than or equal to C$5.50, then the Exchange Ratio will be fixed at 0.0845.

Pursuant to the Arrangement Agreement, upon closing, all outstanding NGW options to acquire NGW Shares will be exchanged for our options that will entitle the holders to receive, upon exercise thereof, Planet 13 Shares based upon the Exchange Ratio.

The Acquisition requires the approval of NGW Shareholders at a special meeting of NGW Shareholders (the "NGW Special Meeting") expected to be held in February 2022 with the approval of at least 66 ⅔% of the votes cast in person or by proxy at the NGW Special Meeting. All of the directors and officers of NGW and a certain other NGW Shareholder, holding approximately 21% in aggregate of the issued and outstanding NGW Shares, have executed voting and support agreements with us pursuant to which they have agreed, among other things, to support the Transaction and vote their NGW Shares in favor of the Transaction. The approval of holders of Planet 13 Shares is not required.

In addition to the approval of NGW Shareholders, the Transaction is subject to approval of the Supreme Court of British Columbia and certain other regulatory approvals. Subject to the receipt of all necessary approvals and the satisfaction or waiver of other closing conditions, the Transaction is expected to be completed in the first quarter of 2022.

The Arrangement Agreement contains customary representations, warranties and covenants for a transaction of this type, including a termination fee in the amount of USD$3.25 million and USD$2 million payable by NGW and us, respectively, in the event that the Transaction is terminated in certain circumstances. In addition, the Arrangement Agreement contains an expense reimbursement fee of up to USD$1,000,000 payable by NGW to us if the Transaction is terminated in certain circumstances.

After giving effect to the Transaction, and based on pricing as of December 17, 2021, NGW Shareholders will hold approximately 9.2% ownership in the pro-forma company (on a fully-diluted basis).

The Transaction has been unanimously approved by our board of directors and the board of directors of NGW. Beacon Securities Limited acted as our financial advisor and provided a fairness opinion to our board of directors that states that, as of the date of the opinion and subject to the assumptions and limitations contained in the opinion, the consideration to be paid by us pursuant to the Transaction is fair, from a financial point of view, to us.

Overview of the Company's Cannabis Business

Introduction

On November 1, 2018, we opened the Planet 13 Las Vegas Superstore, less than 500 feet from the Trump Tower and less than 2,500 feet from the Wynn hotel. MMDC entered into an arm's length agreement to lease a 100,000 square foot building to house its Planet 13 Las Vegas Superstore dispensary and corporate office space in a Phase I build-out of the location. In October 2019, we opened a 4,500-square-foot coffee shop and pizzeria in the Planet 13 Las Vegas Superstore. In 2020, the coffee shop and pizzeria was renamed as the Trece Eatery + Spirits restaurant, owned and operated by us through our subsidiaries. Future plans include the opening of a possible consumption lounge and a non-cannabis retail facility. The Planet 13 Las Vegas Superstore lease has a seven-year term with two seven-year renewal options and we have a right-of-first-refusal on any sale of the building. Prior to opening the Planet 13 Las Vegas Superstore, we sold both medical and recreational products from our then existing facilities. On April 1, 2019, we entered into a lease and sub-license agreement for an additional 4.17 acres of land directly adjacent to the Planet 13 Las Vegas Superstore for additional parking. The term of the April 1, 2019 lease and sub-license runs concurrent with the Planet 13 Las Vegas Superstore lease.

We may in the future build a 100,000 square foot greenhouse for cultivation and an approximately 43,000 square foot processing/production facility located in Beatty, Nevada, approximately 120 miles north-west of Las Vegas. The Beatty location is licensed and zoned for up to three million square feet of greenhouse space for the cultivation of cannabis. The site, which is owned by us, has been permitted and is ready for construction to begin. We are evaluating the timing of construction based on a current excess of supply of wholesale cannabis product in the State of Nevada and in the event of future federal legalization. We expect to revisit our expansion plans for the Beatty facility once the wholesale market in Nevada stabilizes.

Cultivation

We, through MMDC, cultivate our cannabis products at: (i) a 16,100 square foot leased facility with a perpetual harvest cycle located in Las Vegas (Clark County); (ii) a 500 square foot facility in Nye County where we conduct product research and development and genetics testing, and (iii) a 25,000 square foot leased facility, which is currently undergoing a 20,000 square foot expansion that will bring the total size of the facility to 45,000 square feet, that houses both cultivation and production facilities located in Las Vegas (Clark County).

Production

Since October 2019, we produce our cannabis products in (i) a 14,000 square foot leased facility in Las Vegas (Clark County) co-located at the Planet 13 Las Vegas Superstore, expanded in Q3 2021 to 18,500 square feet, and separate from the 16,100 square foot cultivation and distribution facility in Las Vegas (Clark County); (ii) a facility in Nye County owned by us and co-located with cultivation operations, and (iii) a 25,000 square foot leased facility, currently undergoing an expansion to add an additional 20,000 square feet to the facility for cultivation and production located in Las Vegas (Clark County). From prior to opening the 18,500 square foot production facility that is co-located in the Planet 13 Las Vegas Superstore complex and up to the end of October 2019, we produced our cannabis products at a separate 4,750 square foot facility leased in Las Vegas (Clark County). All cannabis production licenses held by us in the State of Nevada have been issued to MMDC.

Distribution

We currently operate Nevada distribution activities, primarily for the transport of our products between our cultivation, production, and dispensing operations, out of our 16,100 square foot cultivation facility located in Las Vegas (Clark County). In addition to self-distribution services, the distribution license is used for the delivery of our wholesale products to licensed Nevada-state cannabis retailers. All distribution licenses held by us in the State of Nevada have been issued to MMDC.

We currently operate California distribution activities at our licensed facility in Santa Ana, California to receive cannabis products purchased from our vendors prior to placement in the Planet 13 OC Superstore.

Dispensing

We have three Nevada dispensary licenses, one for medical and two for the sale of adult-use product, and an adult-use California dispensary license. The Planet 13 Las Vegas Superstore, approximately 23,000 square feet of retail space located adjacent to the Las Vegas Strip, houses one medical and one adult-use license. The other adult-use license operates out of the Medizin-branded store in Clark County, a 2,300 square foot retail facility. The Planet 13 Las Vegas Superstore has the capacity to serve between 2,000 to 3,000 customers per day through its new, enhanced dispensary. We intend to build out the balance of the Planet 13 Las Vegas Superstore location with ancillary services such as a potential cannabis lounge in a segregated area of the facility where patrons will be able to consume products that have been purchased at the dispensary. Lounge facility build-out and operation are pending state and county regulation and ordinance drafting and subsequent licensing of the facility. The Planet 13 Las Vegas Superstore also houses our corporate offices. The Planet 13 OC Superstore, with approximately 15,000 square feet of retail space is located in Santa Ana.

In March 2020, per executive order of Nevada's Governor Steve Sisolak in response to the public health crisis arising from the novel strain of the coronavirus known as SARS-CoV-2 which is responsible for the coronavirus disease known as COVID-19, all Nevada dispensaries were mandated as an essential service but were restricted to delivery only, with no curb-side pickup or in-store sales permitted until such delivery-only order was lifted on May 30, 2020, when the Planet 13 Las Vegas Superstore re-opened with no more than ten customers allowed in the store at any given time. During the delivery-only restricted operational period, we increased our delivery vehicle fleet to 29 vehicles, and upon the re-opening of the Planet 13 Las Vegas Superstore, we were able to meet the increased home-delivery requests by keeping 20 of those vehicles in constant operation. On June 4, 2020, the State of Nevada increased the allowed occupancy of all businesses in Nevada to a maximum of 50% of the fire rated capacity of the location. We are currently adhering to the guidelines set by the State of Nevada and are able to serve 268 customers in the Planet 13 Las Vegas Superstore at one time under the revised capacity limits set out as of June 4, 2020. On November 24, 2020, Governor Sisolak instituted a Nevada state-wide "pause", which limited certain industries such as gaming and restaurants, to 25% capacity, but did not further restrict the 50% fire rated capacity limits imposed on cannabis establishments. On December 4, 2020, Nevada announced a COVID-19 vaccine allocation plan, and on December 14, 2020, the first shipment of vaccines was received in Nevada and began distribution under the Nevada allocation plan. The Nevada state-wide "pause" was extended on December 13, 2020, and again for an additional 30-days on January 11, 2021. On March 4, 2021, Nevada announced a "Roadmap to Recovery" relaxing the restrictions in phases and a release from State-level oversight to local jurisdictions in May 2021. As of June 1, 2021, businesses have been allowed to operate at 100% capacity so long as they adhere to both state and local COVID-19 operating protocols, which, currently include maintaining social distancing and the requirement to wear masks while indoors.

We have identified that regulatory permits, applications, and submittals are taking longer for Nevada and California regulators to process, as those jurisdictions at the state and local levels have redesignated resources towards COVID-19 response, furloughed regulatory employees, or maintained limited office hours for submissions. As of the date hereof, we do not yet know the duration or magnitude of the COVID-19 pandemic but will continue to operate our core business of dispensing cannabis to adult-use and medical customers in accordance with the federal and state guidelines and restrictions. The current COVID-19 protocols in California includes a general industry safety order by Cal/OSHA that masks are required statewide for unvaccinated individuals in indoor public settings and workplaces.

On July 31, 2020, the Nevada Tax Commission convened and approved the Nevada License Settlement, we and other plaintiffs, and intervening defendants in connection with the DOT License Matter (as defined herein). While the Nevada Tax Commission approved the settlement, it also requested that the CCB, which had authority over Nevada-licensed cannabis businesses as of July 1, 2020, also convene and approve of the settlement. On August 7, 2020, the CCB convened and approved the Nevada License Settlement. Pursuant to the Nevada License Settlement, our subsidiary MMDC agreed to a release and waiver of its claims against the State of Nevada and the defendants in intervention, in return for MMDC receiving the provisional unincorporated Clark County adult-use dispensary license originally received by Nevada Organic Remedies in December 2018. As a further condition of the settlement, many of the enjoined parties were re-categorized by the State of Nevada, and thus no longer subject to a preliminary injunction. In a letter dated September 3, 2020, the CCB transferred the conditional Clark County dispensary license to MMDC. On November 20, 2020, we opened the Medizin store location, having received CCB final inspection approvals and the Clark County Business License.

Licenses

We are licensed to operate in the State of Nevada as a Retail and Medical Cultivator, a Retail and Medical Product Manufacturer and a Retail and Medical Dispensary. In the State of Nevada, "Retail" refers to the recreational cannabis market. Please see Table 1 below for a list of the licenses issued to us in respect of our operations in Nevada. Under applicable laws, the licenses permit us to cultivate, manufacture, process, package, sell, and purchase marijuana pursuant to the terms of the licenses, which were formerly issued by the DOT under the provisions of Nevada Revised Statutes section 453A through June 30, 2020 and issued by the CCB under NRS 678A, B and D starting July 1, 2020. All licenses are independently issued for each approved activity for use at our facilities and retail locations in Nevada.

All Nevada marijuana establishments must register with the CCB. If applications contain all required information and after vetting by officers, establishments are issued a marijuana establishment registration certificate. In a local governmental jurisdiction that issues business licenses, the issuance by the CCB of a marijuana establishment registration certificate is considered provisional until the local government has issued a business license for operation and the establishment is in compliance with all applicable local governmental ordinances. Final registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. It is important to note conditional licenses do not permit the operation of any commercial or medical cannabis activity. Only after a conditional licensee has gone through necessary state and local inspections, if applicable, and has received a final registration certificate from the CCB may an entity engage in cannabis business operation. The CCB limits application for all licenses.

On May 20, 2020, pursuant to the Santa Ana Acquisition, we acquired a 100% interest in Newtonian which holds the California Adult-Use Dispensary License (the "**California License**"), permitting us to sell cannabis goods to customers at the Santa Ana Premises. Newtonian also holds the Santa Ana Regulatory Permit for Commercial Cannabis Adult-use Sales for the Santa Ana Premises. We opened the Planet 13 OC Superstore dispensary on July 1, 2021 and commenced retail sales operations under the California License and also launched distribution activities at the Santa Ana Premises under the California State distribution license. Both licenses were active but were not used in operations until completion of tenant improvements and are now in operation since July 1, 2021.

On August 5, 2021, our subsidiary, Planet 13 Illinois, which is owned 49% by us and 51% by Frank Cowan, a resident of Illinois, was a lottery winner for a Social-Equity Justice Involved Conditional Adult Use Dispensing Organization License in the Chicago-Naperville-Elgin region from the Department of Financial and Professional Regulation in the State of Illinois ("**IDFPR**"). As of the date of this registration statement, the license has not been issued by the IDFPR. We intend to launch a superstore dispensary in the downtown Chicago area and anticipate that it will be operational in late 2022.

On October 1, 2021, through our subsidiary Planet 13 Florida, we acquired a license from Harvest Health & Recreation Inc. issued by the Florida Department of Health to operate as a MMTC in the State of Florida for US$55 million in cash. Licensed MMTCs are vertically integrated and the only businesses in Florida authorized to dispense medical marijuana to qualified patients and caregivers. MMTCs are authorized to cultivate, process, transport and dispense medical marijuana. As of September 24, 2021, there were 22 companies with MMTC licenses with 370 dispensing locations across Florida. License holders are not subject to restrictions in the number of dispensaries that may be opened or on the number or size of cultivation and processing facilities they may operate.

Table 1: Licenses

Holding Entity	Permit/License	Jurisdiction	Expiration/Renewal Date	Description
MMDC	Medical/Retail	Clark County, NV	June 30, 2022	Dispensary
MMDC	Retail	Clark County, NV	November 30, 2022	Dispensary
MMDC	Medical/Retail	Clark County, NV	June 30, 2022	Cultivation
MMDC	Medical/Retail	Clark County, NV	June 30, 2022	Production
MMDC	Medical/Retail	Nye County, NV	June 30, 2022	Cultivation
MMDC	Medical/Retail	Clark County, NV	June 30, 2022	Cultivation
MMDC	Medical/Retail	Clark County, NV	June 30, 2022	Production
MMDC	Medical	Nye County, NV	June 30, 2022	Production
MMDC	Retail	Nye County, NV	December 31, 2022	Production
MMDC	Distribution	Nevada	March 31, 2022	Distribution
MMDC	Distribution	Nevada	February 5, 2022	Distribution(1)
Newtonian	Adult-Use Retailer	Santa Ana, CA	April 17, 2022	Dispensary
Newtonian	Adult-Use / Medical Distribution	Santa Ana, CA	June 11, 2022	Distribution
Planet 13 Florida	MMTC	Florida	October 25, 2022	MMTC
Planet 13 Illinois	Adult-Use Dispensing	Chicago-Naperville-Elgin	TBD	Dispensary(2)

Notes:

(1) Transferred from WCDN to MMDC as being associated with the former WCDN cultivation and production facility, approved by CCB hearing on December 18, 2020, as confirmed in the CCB letter dated January 4, 2021. This is a conditional permit, and no certificate will be available until receipt of a final inspection by the CCB on or prior to February 5, 2022. An extension to this deadline was requested on December 28, 2021. In the event an extension is not granted to the final inspection deadline, we do not expect this to have an impact on our operations, as this conditional license is redundant to the existing distribution license we hold in Clark County, Nevada.

(2) As of the date of this registration statement, the conditional license has not been issued by the IDFPR.

Uses of Cannabis

Cannabis can be vaporized, smoked or ingested to alleviate pain and other ailments. Since 2014, we have been cultivating and selling cannabis within the price range from US$7.50 to US$14.50 per gram, depending on the strain. Typically, growth time and strain yield will determine whether a strain is low or high priced. Very particular strains may be priced higher than the given range, but this would be the exception.

We offer our customers a diverse range of products, including cannabis flowers, cannabis concentrates and cannabis-infused products. In total, we currently offer over 100 cannabis strains at our dispensaries, up to 20 of which are proprietary strains grown in-house, covering the entire cannabis spectrum. We believe that carrying a popular variety of strains of medical and recreational cannabis is essential to long-term success. Each strain of medical cannabis is different. Some of the factors that impact whether a particular strain may be right for a customer include levels of THC and/or CBD and whether the plant strain is a Sativa, Indica or Hybrid genetic variant.

We believe that we can gain a competitive advantage by growing high yielding strains which are good extractors and which mature in a short growing cycle while still providing the desired THC profile. Further, finding the right product for a customer's condition or needs may require sampling a variety of strains, as every person is different. The U.S. Food and Drug Administration ("**FDA**") has not recognized or approved cannabis as safe or effective for any indication.

Our cultivation, production, distribution and marketing business is currently focused on the medical and recreational segments, with product offerings sold through our own licensed retail dispensaries.

Principal Products

We currently operate the Planet 13 Las Vegas Superstore, a 24,000 square foot licensed cannabis dispensary located near the Las Vegas Strip, from which we: (i) dispense medical (Medizin) and retail (Planet 13) product lines and provides customer experiences through entertainment features; (ii) provide the consultation, education and convenience services described below; and (iii) own and operate Trece Eatery + Spirits as well as operate a non-cannabis retail merchandise store and event space. Our principal products are cannabis and cannabis-infused items sold to consumers in the medical and retail cannabis markets in the State of Nevada. We sell more than more than 100 strains of cannabis, up to 20 of which are grown in-house by us.

Co-located with the Planet 13 Las Vegas Superstore complex, we operate a customer-viewable production facility manufacturing wholesale edible and concentrate products, include the TRENDI line, the Leaf & Vine line Dreamland Chocolates, HaHa gummies and sparkling beverages. These products are sold in-store and wholesale to 57 other dispensaries in Nevada.

We also operate the Medizin dispensary, reopened in November 2020 and operate the Planet 13 OC Superstore dispensary in Santa Ana, California on July 1, 2021.

Competition

With respect to retail operations, we compete with other retail license holders across Nevada and California. In addition to physical dispensaries, we also compete with third-party delivery services which provide direct-to-consumer delivery services in Nevada and California. In terms of cultivation and production, we compete with other licensed cultivators and operators in Nevada, California, and other states in which we may operate in the future.

Other than the Nevada state cap on licenses and California local jurisdictional caps on licenses, the retail markets in Nevada and California have fewer barriers to entry and more closely reflect free market dynamics typically seen in mature retail and manufacturing industries. The growth of these markets poses a risk of increased competition. However, given that we have entered the Nevada and California cannabis market at an early stage, management views our market share as less at risk than operators without a current operating footprint.

Management also believes that there are a number of illegally operating dispensaries and cultivators in Nevada and California which serve as competition to us. We expect, however, that the majority of these illegal dispensaries and cultivators will be forced to cease operations in the near-term. See "*Risk Factors*".

Components

The main raw materials and components used in the production of our products are cannabis seeds and clones, water, plant nutrients, and electricity.

Water for our Clark County operations is obtained from the municipal water system in Las Vegas, Nevada. The price of water is determined by the City of Las Vegas. Our Nye County operations are similarly part of the municipal water and waste disposal system.

Raw materials include soil, nutrients, organic integrated pest and disease management, environmental supplementation, disposable supplies, and other miscellaneous inputs, all of which are readily available from multiple sources at wholesale or lower prices.

Cycles

There have been potential seasonal fluctuations observed in the first few years of operations at the Planet 13 Las Vegas Superstore, reflective of the Las Vegas market specifically, as well as industry-wide cannabis-themed holidays and events. These potential seasonal fluctuations have been interrupted by the COVID-19 pandemic, which have presented the industry and the Planet 13 Las Vegas Superstore with a unique set of opportunities and challenges. As at the date hereof, we do not know the long-term impact that the COVID-19 pandemic will have on the previously observed trends. Our Planet 13 OC Superstore location opened July 1, 2021 and has a limited operating history. We are continuing to monitor the seasonal fluctuations at this location.

Intellectual Property

We have applied for trademarks at Nevada state and federal level, some of which are currently pending for Medizin, Planet 13, TRENDI, Leaf & Vine, HaHa, and Dreamland. In California, we have registrations for Planet 13 and Planet M. These trademarks were applied for and are designed for use on clothing, wearables, and other non-cannabis products with the intent of creating a valuable brand. We intend to file for additional intellectual property rights in the future.

Environmental

We do not anticipate that environmental protection requirements will have a material financial or operational effect on our capital expenditures, earnings, and competitive position in the current financial year or in future years.

Human Capital

We employ approximately 600 full-time and 150 part-time employees, and anticipate that number will increase as we expand our operations in California, Florida, Illinois, and Nevada. Full time employees are distributed among several departments, including sales, management and administration, security, cultivation, operations, marketing, facilities, human resources, finance, accounting and legal. In order to ensure that the motivation, integrity and culture of our team stays strong, our Board of Directors (the "**Board**") and executive team put significant focus on our human capital resources.

We are committed to diversity and to providing equal employment opportunities to all employees and applicants. This commitment extends to all of our employment practices including recruiting, hiring, training, promotions, and benefits.

Our goal is to use the highest standards in attracting and training the best talent. Our recruiting practices and decisions on whom to hire are among our most important activities. We utilize professional services, industry groups, social media, local job fairs, and educational organizations across the country to find diverse, motivated, and responsible employees. It is a requirement that all of our employees pass background checks and drug screening. To support the advancement of our employees, we offer training and development programs encouraging advancement from within. These programs include employee mentoring and one-on-one quality and regulatory training sessions overseen by our Human Resources Department and Regulatory Compliance team.

The main objective of our compensation program is to attract, retain, motivate, and reward superior employees who must operate in a quick-paced and patient-focused environment. To accomplish this, we offer a package of company-sponsored benefits to our employees. Eligibility depends on each employee's full-time or part-time status, location, and other factors, and benefits include medical and dental plans, paid and unpaid leaves, and flexible time-off. We provide employee wages that are competitive and consistent with employee positions, skill levels, experience, knowledge, and geographic location. Additionally, we believe in aligned incentives and utilize share unit and stock option plans as well as annual bonuses to align the long-term compensation of eligible directors, employees, officers and contractors with our shareholders' interests for a competitive total rewards program.

Legal and Regulatory Matters

United States Federal Law Overview

At the federal level, cannabis currently remains a Schedule I controlled substance under the U.S. Controlled Substance Act of 1970 (the "**CSA**"). Despite this federal prohibition, 48 states and the District of Columbia have either decriminalized or legalized adult-use and/or medical cannabis, and of the two states that have not yet decriminalized or authorized cannabis, Nebraska has decriminalized the first offense. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, the manufacture, importation, possession, use or distribution of cannabis remains illegal under U.S. federal law. This has created a dichotomy between state and federal law, whereby many states have elected to regulate and remove state-level penalties regarding a substance that is still illegal at the federal level.

While technically illegal, the U.S. federal government's approach to enforcement of such laws has, at least until recently, trended toward non-enforcement. On August 29, 2013, the U.S. Department of Justice ("**DOJ**") issued a memorandum known as the "**Cole Memorandum**" to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal marijuana laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly-regulated medical or adult-use cannabis programs. The Cole Memorandum, while not legally binding, assisted in managing the tension between state and federal laws concerning state-regulated marijuana businesses.

However, on January 4, 2018, the Cole Memorandum was revoked by then Attorney General Jeff Sessions. While this did not create a change in federal law - as the Cole Memorandum was not itself law - the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum known as the "**Sessions Memorandum**". This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance and states the statutory view that it is a "dangerous drug and that marijuana activity is a serious crime," it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum's guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Following Mr. Sessions' resignation, and Matthew Whitaker serving as Acting United States Attorney General, William Barr was appointed as US Attorney General on January 15, 2019. Mr. Barr stated at his confirmation hearing to the Senate Judiciary Committee that he would "not go after companies" that had relied upon the Obama-era guidance (the Cole Memorandum) that former Attorney General Jeff Sessions had rescinded in states where cannabis has been legalized. The Department of Justice under Mr. Barr did not take a formal position on federal enforcement of laws relating to cannabis.

On January 21, 2021, Joseph Biden, Jr. was sworn in as President of the United States. President Biden's Attorney General, Merrick Garland, was confirmed by the United States Senate on March 10, 2021. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland will re-adopt the Cole Memorandum or announce a substantive marijuana enforcement policy. Mr. Garland indicated at a confirmation hearing before the United States Senate that it did not seem to him to be a good use of limited resources to pursue prosecutions in states that have legalized and that are regulating the use of marijuana, either medically or otherwise. Nonetheless, there is no guarantee that state laws legalizing and regulating the sale and use of marijuana will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to marijuana (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law. Currently, in the absence of uniform federal guidance, as had been established by the Cole memorandum, enforcement priorities are determined by respective United States Attorneys.

While it is too soon to determine what prosecutorial effects will be created by the rescission of the Cole Memorandum under the Trump administration and the appointment of Mr. Garland under the current administration, a nationwide "crackdown" on regulated marijuana business is unlikely. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale enforcement operation would more than likely create unwanted political backlash for the DOJ and the current administration. It is also possible that the rescission of the Cole Memorandum could motivate Congress to reconcile federal and state laws. Regardless, marijuana remains a Schedule I controlled substance at the federal level, and the federal government of the U.S. continues to reserve the right to enforce federal law in regard to the sale and disbursement of medical or adult-use marijuana, even where state law sanctioned such sale and disbursement. From a purely legal perspective, the criminal risk today remains identical to the risk on January 3, 2018, prior to the Cole Memorandum being rescinded. It remains unclear whether the risk of enforcement has been altered.

Additionally, under U.S. federal law, it may potentially be a violation of federal anti-money laundering statutes for financial institutions to take any proceeds from the sale of marijuana or any other Schedule I controlled substance. Canadian banks are likewise hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions, particularly those that are federally chartered in the U.S., could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses.

Despite these laws, the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued a memorandum on February 14, 2014 (the "**FinCEN Memorandum**") outlining the pathways for financial institutions to bank state-sanctioned marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("**SAR**") in connection with all marijuana-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These marijuana-related SARs are divided into three categories – marijuana limited, marijuana priority, and marijuana terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day as the FinCEN Memorandum was published, the DOJ issued a memorandum (the "**2014 DOJ Memorandum**") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. The 2014 DOJ Memorandum has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 DOJ Memorandum has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 DOJ Memorandum and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to be a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

In the U.S., the SAFE Banking Act of 2019, H.R. 1595 ("**SAFE Banking Act**"), was first introduced on March 7, 2019 and passed a vote on September 25, 2019 by the Committee of the Whole Congress, but failed to receive the support needed to pass the U.S. Senate. Generally, the act would let banks offer services to cannabis-related businesses. They could also offer services to those businesses' employees. In both Canada and the U.S., transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions. The SAFE Banking Act re-emerged in March 2021, H.R. 1996, with more bipartisan support including with 180 cosponsors. On April 19, 2021, the House passed the re-introduced SAFE Banking Act in a bipartisan vote of 321 – 101, but it again stalled in the Senate. While there is strong support in the public and within Congress for the SAFE Banking Act and similar legislation, there can be no assurance that it will be passed as presently proposed or at all.

Although the Cole Memorandum and 2014 DOJ Memorandum have been rescinded, Congress has used the Rohrabacher-Leahy Amendment as a rider provision in the FY 2015, 2016, 2017, 2018, 2019 2020, and 2021 Consolidated Appropriations Acts and accompanying stopgap spending measures to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against regulated medical marijuana actors operating in compliance with state and local law. President Joe Biden became the first president to propose a budget with the Rohrabacher-Farr Amendment included. On September 30, 2021 and on December 3, 2021 the amendment was renewed through the signing of a stopgap spending, and remains effective through February 18, 2022.

Despite the legal, regulatory, and political obstacles the marijuana industry currently faces, the industry has continued to grow. It was anticipated that the federal government would eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

Given current political trends, however, these developments are considered unlikely to materialize in the near-term. As an industry best practice, despite the recent rescission of the Cole Memorandum, we intend to abide by the following to ensure compliance with the guidance provided by the Cole Memorandum:

- ensure that our operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
- ensure that our cannabis related activities adhere to the scope of the licensing obtained (for example, in states where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);
- implement policies and procedures to ensure that cannabis products are not distributed to minors;
- implement policies and procedures in place to ensure that funds are not distributed to criminal enterprises, gangs or cartels;
- implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or cross any state lines in general;
- ensure that our state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and
- ensure that our products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, we may (and frequently do) conduct background checks to ensure that the principals and management of our operating subsidiaries are of good character and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis. We also conduct ongoing reviews of the activities of our cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation.

Nevada State Law Overview

In 2000, Nevada voters passed a medical marijuana initiative allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain and created a limited non-commercial medical marijuana patient/caregiver system. Senate Bill 374, which passed the legislature and was signed by the Nevada Governor in 2013, expanded this program and established a for-profit regulated medical marijuana industry.

In 2014, Nevada accepted medical marijuana business applications and a few months later the Nevada Division of Public and Behavioral Health (the "**Division**") approved 182 cultivation licenses, 118 licenses for the production of edibles and infused products, 17 independent testing laboratories, and 55 medical marijuana dispensary licenses. The number of dispensary licenses was then increased to 66 by legislative action in 2015. The application process was merit-based, competitive, and is currently closed.

Nevada has a medical marijuana program and passed adult-use legalization through the ballot box in November 2016. Under Nevada's adult-use marijuana law, the state licensed marijuana cultivation facilities, product manufacturing facilities, distributors, retail stores and testing facilities. For the first 18 months after legalization, applications to the DOT for adult-use establishment licenses were only accepted from existing medical marijuana establishments and from existing liquor distributors for the adult-use distribution license. The Division licensed and regulated medical marijuana establishments up until July 1, 2017, when the state's medical marijuana program merged with adult-use marijuana enforcement under the DOT. After merging medical and adult-use marijuana regulation and enforcement, the single regulatory agency was known as the "Marijuana Enforcement Division of the Department of Taxation". The DOT oversaw regulation of cannabis operations until the CCB took over on July 1, 2020. As of October 5, 2020, all five members of the CCB were appointed by the Nevada Governor.

In February 2017, the state announced plans to issue "early start" recreational marijuana establishment licenses in the summer of 2017. These licenses expired at the end of the year and, beginning on July 1, 2017, allowed marijuana establishments holding both a retail marijuana store and dispensary license to sell their existing medical marijuana inventory as either medical or adult-use marijuana. All cannabis cultivated and infused products produced under the adult-use program that were not existing inventory at a medical marijuana dispensary were transported to retail marijuana stores utilizing a licensed retail marijuana distributor. Starting on July 1, 2017, medical and adult-use marijuana became subject to a 15% excise tax on the first wholesale sale (calculated on the fair market value) and adult-use cannabis is subject to an additional 10% special retail marijuana sales tax in addition to any general state and local sales and use taxes.

The regular retail marijuana program began in early 2018. The Regulation and Taxation of Marijuana Act specifies that, for the first 18 months of the program, only existing medical marijuana establishment certificate holders could apply for a retail marijuana establishment license. As that restriction expired in November 2018, on December 5, 2018, the DOT expanded the application process and awarded an additional 61 licenses for retail marijuana dispensaries in Nevada. The regular program was governed by permanent regulations found in Nevada Administrative Code Sections 453A and 453D through June 30, 2020.

In early 2019, Nevada legislature passed Nevada Assembly Bill 533 ("**AB533**"), which authorized the formation of the CCB to be vested with the authority to license and regulate persons and establishments engaged in cannabis activities within Nevada and promulgated statutes which will replace Nevada Revised Statute ("**NRS**") 453A and 453D effective on July 1, 2020. Those statutes are currently codified at NRS 678A, B, C and D. On July 21, 2020, the CCB adopted final Nevada Cannabis Compliance Regulations 1 through 15 (or, "**NCCR**") which are substantially similar to the former Nevada Administrative Code Sections 453A and 453D.

In response to industry feedback, on October 20, 2020, the CCB amended NCCR 5 to give clarity regarding public company ownership of Nevada cannabis companies. Generally, those amendments include such companies being required to provide to the CCB notice of annual general meetings of shareholders and a non-objecting beneficial owners ("**NOBO**") list as of the record date of each such meeting, and disclosure of any stockholders having 5% or greater ownership interest or that are able to exert control over a Nevada cannabis establishment. Additionally, the CCB requires an updated list of all beneficial owners, regardless of amount or type of ownership, but if a list of all beneficial owners cannot be obtained through reasonable cost and/or effort, the publicly traded company must provide an updated NOBO list as of the annual meeting record date, and explain why it cannot provide a list of all beneficial owners through reasonable cost and effort.

Nevada does not have any U.S. residency requirements with respect to license ownership, but does require background checks of all individuals having an ownership interest. Background checks are waivable at the discretion of the CCB for individuals having less than 5% ownership interest. The last background check waiver approval received from CCB was a request we submitted on November 30, 2020 in relation to the acquisition of the conditional Nevada distribution license acquired from WCDN, but which extended to all shareholders holding less than 5% ownership interest. We also submitted a background check waiver request to the CCB on January 3, 2022 in relation to the Arrangement Agreement, which may or may not be acted upon by the CCB (see "*Risk Factors*"). Although the CCB has not chosen to exercise their authority to require a background check on ownership interests in public cannabis companies that remain under 5% and do not otherwise exercise control over a Nevada cannabis licensee, the CCB does have authority to require a licensee to investigate and submit any ownership interest, beneficial or direct, for CCB approval. For example, under Nevada cannabis laws, any beneficial holder of any of our securities, regardless of the number of shares, may be required to file an application, be investigated, and have his or her suitability as a beneficial holder of the voting securities determined if the CCB has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada.

In addition, vertical integration is neither required nor prohibited. All medical marijuana sales are made subject to the recipient holding a registry identification card issued by the State of Nevada as defined at NRS 678A.235. We are permitted to sell medical marijuana products to non-Nevada patients as non-Nevada patients are permitted reciprocity under NRS 678C.470.

Nevada Licenses

There are five types of retail marijuana establishment licenses under Nevada law:

- Cultivation Facility – Licenses to cultivate (grow), process, and package marijuana; to have marijuana tested by a testing facility; and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other cultivation facilities, but not to consumers.
- Distributor - Licenses to transport marijuana from a marijuana establishment to another marijuana establishment.
- Product Manufacturing Facility - Licenses to purchase marijuana; manufacture, process, and package marijuana and marijuana products; and sell marijuana and marijuana products to other product manufacturing facilities and to retail marijuana stores, but not to consumers.
- Testing Facility - Licenses to test marijuana and marijuana products, including for potency and contaminants.
- Retail Store - Licenses to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities, and marijuana from other retail stores; can sell marijuana and marijuana products to consumers.

MMDC applied for and did not receive any of the 61 new licenses granted by DOT on December 5, 2018. Upon review of this result, we determined that there were significant irregularities in the license application and review process. MMDC filed a complaint against the State of Nevada and DOT on December 10, 2018, and concurrently pursued all available administrative remedies (the "**DOT License Matter**"). MMDC requested a judicial review of the license application process and the scoring criteria utilized by DOT, and requested that the court award MMDC monetary damages as a result of DOT's failure to properly award licenses and that the court award retail dispensary licenses to MMDC. On August 23, 2019, as a result of discrepancies discovered in the application process administered by the State of Nevada, a court issued a partial preliminary injunction against the State of Nevada from moving forward with the numerous holders of provisional licenses awarded under the December 5, 2018, provisional license awards.

After the first week of trial in July 2020, MMDC entered into a settlement agreement with the State of Nevada and defendants in intervention to receive a license in unincorporated Clark County to reopen the Medizin location. On July 31, 2020, the Nevada Tax Commission convened and approved the signed Nevada License Settlement and requested that the CCB, which had authority over Nevada-licensed cannabis businesses as of July 1, 2020, also convene and approve the settlement. On August 7, 2020, the CCB convened and approved the Nevada License Settlement. Pursuant to the Nevada License Settlement, our subsidiary MMDC agreed to a release and waiver of its claims against the State of Nevada and the defendants in intervention, in return for MMDC receiving the provisional unincorporated Clark County adult-use dispensary license originally received by Nevada Organic Remedies in December 2018. Pursuant to a letter dated September 3, 2020, the CCB transferred the conditional Clark County dispensary license to MMDC. On November 20, 2020, we opened the Medizin store location, having received CCB final inspection approvals and a Clark County business license.

Cannabis consumption lounges were authorized in Nevada pursuant to AB 341 in the 2021 81st Session of the Nevada Legislature. On July 9, 2021, our subsidiary MMDC received a notification letter of eligibility to hold a retail cannabis consumption lounge license from the CCB. On December 2, 2021, the CCB released draft regulations for the cannabis consumption lounge application and requirements to operate, and held a December 14, 2021 workshop discussing the draft regulations with stakeholders.

Nevada Reporting Requirements

Nevada has selected Franwell Inc.'s METRC solution ("**METRC**") as the state's track-and-trace system used to track commercial cannabis activity and movement across the distribution chain. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. For all licensed facilities, we have designated an in-house computerized seed to sale software that integrates with METRC via an application programming interface, and captures the required data points for cultivation, manufacturing and retail as required by Nevada statutes and regulations.

Nevada Regulatory Compliance

Our licenses are in good standing to cultivate, possess and/or wholesale marijuana in the State of Nevada and we, through MMDC, are in compliance with Nevada's marijuana regulatory program. MMDC has responded to all DOT and CCB inspections and received approval on all corrective actions.

We comply with applicable Nevada state licensing requirements as follows: (i) MMDC is licensed pursuant to applicable Nevada state law to cultivate, possess and/or distribute THC-bearing cannabis (or "marijuana") in Nevada; (ii) renewal dates for such licenses are docketed by legal counsel and/or other advisors; (iii) random internal audits of our business activities are conducted by the applicable Nevada state regulator and by us to ensure compliance with applicable Nevada state law; (iv) each of our employees is provided with an employee handbook that outlines internal standard operating procedures in connection the cultivation, possession and distribution of marijuana to ensure that all marijuana inventory and proceeds from the sale of such marijuana are properly accounted for and tracked and using scanners to confirm each customer's legal age and the validity of each customer's drivers' license; (v) each room that marijuana inventory and/or proceeds from the sale of such inventory enter is monitored by video surveillance; (vi) software is used to track marijuana inventory from seed to sale; and (vii) we are contractually obligated to comply with applicable Nevada state law in the United States in connection with the cultivation, possession and/or distribution of marijuana in Nevada.

We have a full time General Counsel on staff in Nevada, who is a licensed attorney under the State Bar of Nevada, in good standing, whose responsibilities include monitoring the day-to-day activities of regulatory compliance staff, including ensuring that the established standard operating procedures are being adhered to at each stage of the cultivation, processing and distribution cycle, to identify any non-compliance matters and to put in place the necessary modifications to ensure compliance. The regulatory compliance staff conducts regular unannounced audits against our established standard operating procedures and State of Nevada regulations. Each employee is provided with an employee handbook outlining the standard operating procedures and state regulations upon hiring and is then provided with one-on-one quality and regulatory training through programs overseen by the General Counsel.

California State Law Overview

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996. This legalized the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients. In September 2015, the California legislature passed three bills collectively known as the Medical Cannabis Regulation and Safety Act ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However in November 2016, voters in California overwhelmingly passed Proposition 64, the *Adult-Use of Marijuana Act* ("**AUMA**") creating an adult-use marijuana program for adults 21 years of age or older. AUMA included certain conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as *Medicinal and Adult-Use Cannabis Regulation and Safety Act* ("**MAUCRSA**"), which amalgamates MCRSA and AUMA to provide a set of regulations to govern a medical and adult-use licensing regime for cannabis businesses in the State of California. At that time the four agencies that regulated marijuana at the state level were the Bureau of Cannabis Control ("**BCC**"), California Department of Food and Agriculture, California Department of Public Health, and California Department of Tax and Fee Administration. MAUCRSA came into effect on January 1, 2018. One of the central features of MAUCRSA is known as "local control." In order to legally operate a medical or adult-use marijuana business in California, an operator must have both a local and state license. This requires license holders to operate in cities or counties with marijuana licensing programs. Cities and counties in California are allowed to determine the number of licenses they will issue to marijuana operators, or can choose to outright ban marijuana.

State cannabis licenses in California must be renewed annually. Depending on the jurisdiction, our local authorizations must generally be renewed annually as well. Each year, licensees are required to submit a renewal application per State cannabis regulatory guidelines. Provided renewal applications are submitted in a timely manner, we can expect the renewals to be granted in the ordinary course of business.

On January 10, 2020, the three commercial cannabis licensing agencies in California, the BCC, the Department of Food and Agriculture, and the Department of Public Health (collectively, "**California Licensing Agencies**") announced that California Governor Gavin Newsom's budget proposal for cannabis industry regulation and taxation included plans to consolidate the three licensing entities that are currently housed at the California Licensing Agencies into a single Department of Cannabis Control by July 2021. With the passage of AB 141 on July 12, 2021, the California Licensing Agencies were consolidated into the Department of Cannabis Control ("**DCC**"). On September 8, 2021, the DCC announced proposed emergency regulations to move all cannabis regulations into Title 4 of the California Code of Regulations, with a stated goal of consolidating and improving the regulations. The proposed emergency regulations were in the review and comment period which closed on September 20, 2021.

MAUCRSA allows local municipalities and jurisdictions to authorize the on-site consumption of cannabis by state-licensed retailers and/or microbusinesses. If a city or county permits it, retailers and microbusinesses can have on-site consumption if: (i) access to the area where cannabis consumption is allowed is restricted to persons 21 years of age and older, (ii) cannabis consumption is not visible from any public place or nonage-restricted area, and (iii) the sale or consumption of alcohol or tobacco is not allowed on the premises.

The City of Santa Ana is silent on on-site consumption and does not explicitly prohibit cannabis lounges and on-site consumption by licensees. Santa Ana does prohibit the on-site sales of alcohol or tobacco products, (excluding rolling papers and lighters) and no on-site consumption of food, alcohol or tobacco by patrons. Currently, on-site consumption is permitted in various forms in the City of West Hollywood, San Francisco, City of Oakland, City of Alameda and Palm Springs.

California Reporting Requirements

California has selected METRC as the state's track-and-trace system used to track commercial cannabis activity and movement across the distribution chain. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. For all licensed facilities, we have designated an in-house computerized seed to sale software that integrates with METRC via an application programming interface, and captures the required data points for cultivation, manufacturing and retail as required by California statutes and regulations.

California License and Regulatory Compliance

We, through our subsidiary Newtonian, hold the Santa Ana Permit and the California License and are in compliance with applicable licensing requirements and the regulatory framework enacted by the State of California. In order to qualify for these licenses, we submitted applications with detailed plans and procedures evidencing to the applicable regulators that it complies with all statutory and regulatory requirements in California for the operation of the licenses. We have further retained a California regulatory consultant, with experience operating regulatory-compliant California license operations, to advise us on regulatory requirements and updates in that state. Additionally, our General Counsel works regularly with our California regulatory consultant and oversees all aspects of services provided in connection with the Santa Ana Permit and the California License to ensure compliance and continuity of those licenses.

Florida State Law Overview

In 2014, the Florida Legislature passed the Compassionate Use Act, which was the first legal medical cannabis program in the state's history. The original Compassionate Use Act only allowed for low-THC cannabis to be dispensed and purchased by patients suffering from cancer and epilepsy. In 2016, the Legislature passed the Right To Try Act which allowed for full potency cannabis to be dispensed to patients suffering from a diagnosed terminal condition. Also in 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed on November 8. This language, known as "**Amendment 2**," amended the state constitution and mandated an expansion of the state's medical cannabis program.

Amendment 2, and the resulting expansion of qualifying medical conditions, became effective on January 3, 2017. The Florida Department of Health, physicians, dispensing organizations and patients are bound by Article X Section 29 of the Florida Constitution and Florida Statutes Section 381.986. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017.

The Florida Statutes Section 381.986(8) provides a regulatory framework that requires licensed producers, which are statutorily defined as "Medical Marijuana Treatment Centers", to cultivate, process and dispense medical cannabis in a vertically-integrated marketplace.

Licenses are issued by the OMMU and must be renewed biennially. License holders can only own one license. Currently, the dispensaries can be in any geographic location within the state, provided that the local jurisdiction's zoning regulations authorize such a use, the proposed site is zoned for a pharmacy and the site is not within 500 feet of a school.

The MMTC license permits us to sell medical cannabis to qualified patients to treat certain medical conditions in Florida, which are delineated in Florida Statutes Section 381.986. As we expect our operations in Florida to be vertically-integrated, we will be able to cultivate, harvest, process and sell/dispense/deliver our own medical cannabis products. Under the terms of our Florida license, we are permitted to sell medical cannabis only to qualified medical patients that are registered with the State. Only qualified physicians who have successfully completed a medical cannabis educational program can register patients on the Florida Office of Medical Marijuana Use Registry.

Florida Reporting Requirements

Florida law calls for the OMMU to establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the OMMU to such data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of certain events, including when marijuana seeds are planted, when marijuana plants are harvested and destroyed and when cannabis is transported, sold, stolen, diverted, or lost. Each medical marijuana treatment center shall use the seed-to-sale tracking system established by the OMMU or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the OMMU. At this time the OMMU has not implemented a statewide seed-to-sale tracking system. Additionally, the OMMU also maintains a patient and physician registry and the licensee must comply with all requirements and regulations relative to the provision of required data or proof of key events to said system in order to retain its license. Florida requires all MMTCs to abide by representations made in their original application to the State of Florida or any subsequent variances to same. Any changes or expansions of previous representations and disclosures to the OMMU must be approved by the OMMU via a variance process.

Security and Storage Requirements

Adequate outdoor lighting is required from dusk to dawn for all MMTC facilities. 24-hour per day video surveillance is required and all MMTCs must maintain at least a rolling 45-day period that is made available to law enforcement and the OMMU upon demand. Alarm systems must be active at all times for all entry points and windows. Interior spaces must also have motion detectors and all cameras must have an unobstructed view of key areas. Panic alarms must also be available for employees to be able to signal authorities when needed.

In dispensaries, the MMTC must provide a waiting area with a sufficient seating area. There must also be a minimum of one private consultation/education room for the privacy of the patient(s) and their caregiver (if applicable). The MMTC may only dispense products between 7:00 am and 9:00 pm. All active products must be kept in a secure location within the dispensary and only empty packaging may be kept in the general area of the dispensary which is readily accessible to customers and visitors. No product or delivery devices may be on display in, or visible from, the waiting area.

An MMTC must at all times provide secure and logged access for all cannabis materials. This includes approved vaults or locked rooms. There must be at least two employees of the MMTC or an approved security provider on site at all times where cultivation, processing, or storing of cannabis occurs. All employees must wear proper identification badges and visitors must be logged in and wear a visitor badge while on the premises. The MMTC must report any suspected activity of loss, diversion or theft of cannabis materials within 24 hours of becoming aware of such an occurrence.

Florida Transportation Requirements

When transporting cannabis to dispensaries or to patients, a manifest must be prepared and transportation must be done using an approved vehicle. The cannabis must be stored in a separate, locked area of the vehicle and at all times while in transit there must be two people in a delivery vehicle. During deliveries, one person must remain with the vehicle. The delivery employees must at all times have identification badges. The manifest must include the following information: (i) departure date and time; (ii) name, address and license number of the originating MMTC; (iii) name and address of the receiving entity; (iv) the quantity, form and delivery device of the cannabis; (v) arrival date and time; (vi) the make, model and license plate of the delivery vehicle; and (vii) the name and signatures of the MMTC delivery employees. These manifests must be kept by the MMTC for inspection for up to three years. During the delivery, a copy of the manifest is also provided to the recipient.

OMMU Inspections in Florida

The OMMU may conduct announced or unannounced inspections of MMTC's to determine compliance with applicable laws and regulations. The OMMU is to inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The OMMU is to conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

Florida License and Regulatory Compliance

We, through our subsidiary, Planet 13 Florida, hold the MMTC license and are in compliance with applicable licensing requirements and the regulatory framework enacted by the State of Florida. We have retained Florida regulatory consultants, with experience to advise us on regulatory requirement and update sin that state. Our General Counsel works regularly with our Florida regulatory consultant and oversees all aspects of statutory and regulatory compliance for our MMTC license.

Illinois State Law Overview

In June 2019, Illinois passed into law The Cannabis Regulation and Tax Act ("**CRTA**"), which legalized cannabis for recreational use and created one of the largest adult use markets in the country. The law went into effect on June 25, 2019, and adult use sales of cannabis began in the state on January 1, 2020. Under the CRTA, existing medical cannabis license holders were allowed to apply for Early Approval Adult Use Dispensing Organization ("**EAAUDO**") licenses to be able to sell adult use product at existing medical cannabis dispensaries (known as "co-located" or "same site" dispensaries). Existing medical operators also received the privilege of opening a secondary adult use only retail dispensary for every medical cannabis dispensary location already existing in the operator's portfolio. All EAAUDO license holders were also required to commit to Illinois's groundbreaking Social Equity program either through a financial contribution, grant agreement, donation, incubation program, or sponsorship program.

The CRTA also authorized the issuance of an additional 75 Adult Use Dispensing Organization ("**AUDO**") licenses, 40 craft grower licenses as well as infuser and transporter licenses in 2020. Generally speaking, these licenses were to be awarded via a competitive application process. The CRTA provided a significant advantage to applicants that qualified as a "Social Equity Applicant" under the CRTA. In addition, the CRTA authorized issuance up to 110 additional AUDO licenses and 60 craft grower licenses by December 21, 2021. However, due the Covid-19 pandemic, litigation relating to the application process, and the passage of H.B. 1443, which amended the CRTA, the issuance of new cannabis licenses in Illinois was delayed until July 2021. As of the date of this filing, the IDFPR reports 40 craft grower licenses, along with infuser and transporter licenses have been issued. On September 3, 2021, Illinois announced that 185 AUDO licenses have been awarded through three license lotteries that took place on July 29, 2021, August 5, 2021, and August 19, 2021 respectively. However, no AUDO licenses have been issued to the lottery winners and it is uncertain when they will be issued. Illinois also announced that it would issue 60 more craft grower licenses by December 21, 2021, but these licenses are pending resolution of a court-ordered injunction issued on November 22, 2021 against the Illinois Department of Agriculture (*GP, LLC v. Illinois Department of Agriculture*, Case No. 21 CH 4835).

Illinois Reporting Requirements

The state of Illinois uses BioTrack THC as its computerized track-and-trace system for seed-to-sale reporting. Individual licensees, whether directly or through third-party integration systems, are required to push data to the state to meet all reporting requirements.

Illinois Licenses and Regulatory Compliance

Illinois allows for four types of cannabis businesses within the state: (1) cultivation/craft grower; (2) infusing; (3) transportation; and (4) dispensary. Dispensaries are regulated by the IDFPR. The remaining licenses are regulated by the Illinois Department of Agriculture (IDOA).

We have been awarded, but not yet issued, a Conditional Adult Use Dispensary license in the Chicago-Naperville-Elgin region—the most populated region of Illinois. Such a license will cease to be "conditional" once it is tethered to an approved location, which according to the CRTA should occur within 180 days of issuance. The CRTA and regulations provide for extensions of this deadline.

All cultivation, infusing, and transporter establishments must register with IDOA. All dispensaries must register with the IDFPR. If applications contain all required information, establishments are issued a marijuana establishment registration certificate. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Pursuant to Illinois law, registration renewal applications must be received 45 days prior to expiration and may be denied if the license has a history of non-compliance and penalties.

The cultivation licenses permit a licensee to acquire, possess, cultivate, manufacture and process cannabis into edible products and cannabis-infused products. Cultivators can transfer, have tested, supply or sell cannabis and cannabis products and related supplies to dispensaries and infusers. Infusing licenses permit a licensee to acquire and possess distillate from a licensed cultivator and to manufacture edible and cannabis-infused products. Infusers can transfer, have tested, supply or sell cannabis and cannabis products to dispensaries. The transporter license permits a licensee to transport cannabis and cannabis products to and from licensed entities.

The retail dispensary license permits us to purchase cannabis and manufactured cannabis products from licensed cultivation facilities and infusing organizations and to sell such products to adult consumers (21 years old or older).

We have retained Illinois regulatory consultants, with experience to advise us on regulatory requirements during the pre-license issuance period and following the anticipated license issuance to Planet 13 Illinois, LLC. Our General Counsel works regularly with our Illinois regulatory consultants and oversees all aspects of statutory and regulatory compliance.

Compliance with State Law

We are in compliance with U.S. state law and the related licensing framework. We use reasonable commercial efforts to confirm, through the advice of our General Counsel and local consultants, through the monitoring and review of our business practices, and through regular monitoring of changes to U.S. Federal enforcement priorities, that our businesses are in compliance with applicable licensing requirements and the regulatory frameworks enacted by the states in which we operate. Our General Counsel works with external legal advisors in Nevada, California, Illinois, and Florida to ensure that we and our subsidiaries are in compliance with applicable state laws, including:

- weekly correspondence and updates with advisors;
- development and maintenance of standard operating procedures with respect to cultivation, processing and distribution;
- ongoing monitoring of compliance with operating procedures and regulations by on-site management;
- appropriate employee training for all standard operating procedures; and
- subscription to monitoring programs to ensure compliance with the FinCEN Memorandum.

We have not received any noncompliance orders, citations or notices of violation that remain uncorrected or that may have an ongoing impact on our licenses, business activities or operations.

In addition, we will continue to ensure we are in compliance with applicable licensing requirements and the regulatory framework enacted in the states in which we operate by continuous review of our licenses and affirmation certifications from management. Each new license received by us undergoes both internal and independent reviews, and is subject to all compliance monitoring and requirements that are applied to existing licenses held or controlled by us. While our business activities are compliant with applicable state and local law, such activities remain illegal under United States federal law.

Storage and Security

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, we do the following in full compliance with state statutes and regulations:

- have an enclosed, locked facility, with appropriate entrance security;
- train employees in security measures and controls, emergency response protocol, confidentiality requirements, safe handling of equipment, procedures for handling products, as well as the differences in strains, methods of consumption, methods of cultivation, methods of fertilization and methods for health monitoring;

- install sophisticated, regulatory-compliant security equipment to deter and prevent unauthorized entrances;
- install security alarms to alert local law enforcement of unauthorized breach of security; and
- implement security procedures that:
    - restrict access of the establishment to only those persons/employees authorized to be there;
    - deter and prevent theft;
    - provide identification (badge) for those persons/employees authorized to be in the establishment;
    - prevent loitering;
    - require and explain electronic monitoring; and
    - require and explain the use of automatic or electronic notification to alert local law enforcement of an unauthorized breach of security.

Regulatory Risks

The U.S. cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition. Further, we may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect our ability to conduct our business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on our financial statements also could occur for the period in which the effect of an unfavorable outcome becomes probable and reasonably estimable.

The U.S. cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond our control and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce our earnings and could make future growth uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect our financial condition and which cannot be reliably predicted.

We expect to derive all of our revenues from the U.S. cannabis industry, which industry is illegal under U.S. federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, cannabis businesses in the U.S. are subject to inconsistent legislation and regulation. We began our operations in the State of Nevada, which has legalized the medical and recreational adult-use of cannabis, and have expanded or plan to expand in other states with licensed cannabis opportunities. The U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the CSA. The federal government of the U.S. has specifically reserved the right to enforce federal law in regard to the sale and disbursement of medical or recreational adult-use cannabis even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum in January 2018. See "*United States Federal Law Overview*."

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local government authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then our business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect us. Our involvement in the medical and recreational adult-use cannabis industry is illegal under the applicable federal laws of the United States and may be illegal under other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against us. The consequences of such enforcement would be materially adverse to our business and could result in the forfeiture or seizure of all or substantially all of our assets. See "*Risk Factors*."

Nature of the Company's Involvement in the U.S. Cannabis Industry

We have a material direct involvement in the cannabis industry in Nevada and California. Currently, we are directly engaged in the cultivation, manufacture and production, possession, use, sale and distribution of cannabis in the medical and adult-recreational use cannabis marketplace in Nevada and the adult-recreational use cannabis market in California. Approximately 41.3% of our assets and 100% of our revenues are directly attributable to the medical and recreational adult-use cannabis market in Nevada and California. We hold cultivation, production and retail distribution licenses for the State of Nevada and retail and distribution licenses for the State of California.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on us, including our reputation and ability to conduct business, the listing of our securities on any stock exchange, our financial position, operating results and profitability. In addition, it is difficult for us to estimate the time or resources that would be needed for the investigation of any such matters or their final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined. See "*Risk Factors*."

Our operations in the U.S. cannabis industry are presently only in the States of Nevada and California and we currently hold licenses in Illinois and Florida. We may, in future periods, expand our operations outside of Nevada and California and intend to restrict such future expansion to: (i) only those states that have enacted laws legalizing cannabis; and (ii) only those states where we can comply with state (and local) laws and regulations and have the licenses, permits or authorizations to properly carry on each element of our business.

In addition, we will continue to ensure we are in compliance with applicable licensing requirements and the regulatory framework enacted in the states in which we operate by continuous review of our licenses and affirmation certifications from management.

We will continue to monitor, evaluate and re-assess the regulatory framework in the states in which we operate and any state that we may look to expand our operations to in the future, and the federal laws applicable thereto, on an ongoing basis; and will update our continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S as required.

Anti-Money Laundering Laws and Regulations

We are subject to a variety of laws and regulations in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the *U.S. Currency and Foreign Transactions Reporting Act of 1970* (commonly known as the Bank Secrecy Act), as amended by *Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (USA PATRIOT Act) and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Our activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict our ability to declare or pay dividends or effect other distributions. Furthermore, while we have no current intention to declare or pay dividends on our Common Shares in the foreseeable future, we may decide to, or be required to, suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Ability to Access Private and Public Capital

Prior to the RTO, we relied entirely on access to private capital in order to support our continuing operations and capital expenditure requirements. We expect to rely on both private and public capital markets to finance our growth plans in the U.S. legal cannabis industry. However, there is no assurance we will be successful, in whole or in part, in raising funds, particularly if the U.S. federal authorities change their position toward enforcing the CSA. Further, access to funding from U.S. residents may be limited due their unwillingness to be associated with activities which violate U.S. federal laws.

Available Information

Our website address is *www.planet13holdings.com.* Through this website, our filings with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K will be accessible (free of charge) as soon as reasonably practicable after materials are electronically filed or furnished to the SEC. The information provided on our website is not part of this registration statement. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are available to the public on the SEC's website at www.sec.gov.

ITEM 1A. RISK FACTORS

Summary of Risk Factors

Our business is subject to a number of risks and uncertainties which you should evaluate before making a decision to invest in our Common Shares. This summary does not address all of the risks related to our business. Additional discussion of the risks summaries may be found under the "*Risk Factors*" section and elsewhere in this registration statement, and should be carefully considered before making a decision to invest in our Common Shares. These risks include, among others:

Risks Related to Potential Transaction with NGW

- There can be no certainty that all conditions precedent to the Transaction with NGW will be satisfied.
- The Arrangement Agreement may be terminated in certain circumstances and we may become liable to pay a termination fee.

Risks Related to Regulation and our Industry

- Cannabis continues to be a controlled substance under the CSA and our business model and the nature of our operations could result in adverse actions by agencies of the U.S. federal government.
- Some of our planned business activities, while compliant with applicable U.S. state and local law, are illegal under U.S. federal law.
- The industry in which we operate is still developing and subject to extensive regulation.
- We face risks due to industry immaturity or limited comparable, established industry best practices.
- The size of our target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.
- Our sales and marketing activities and enforcement of contracts may be hindered by regulatory restrictions.
- We expect to incur significant ongoing costs and obligations related to our investment in infrastructure, growth, regulatory compliance and operations.
- Regulatory scrutiny of the industry in which we operate may negatively impact our ability to raise additional capital.
- Banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.
- The re-classification of cannabis or changes in U.S. controlled substance laws and regulations could have a material adverse effect on our business.
- We may incur significant tax liabilities due to limitations on tax deductions and credits under section 280E of the Internal Revenue Code of 1986, as amended, (the "**Code**").
- We may have difficulty accessing the service of banks and processing credit card payments in the future.
- Failure to obtain or maintain the necessary licenses, permits, authorizations or accreditations could have a material adverse effect on our business.
- U.S. state laws legalizing and regulating the sale and use of cannabis could be repealed or overturned.
- We may face limitations on ownership of cannabis licenses, which may restrict our ability to grow.
- We may become subject to FDA or ATF regulation that may have an adverse effect on our business, and we may be subject to negative clinical trials.
- We could be subject to criminal prosecution or civil liabilities under RICO.
- We lack access to U.S. bankruptcy protections.

Risks Related to our Business and Operations

- The full effect of the COVID-19 pandemic on our operations is unknown at this time, and it may continue to have a significant negative effect on us in the future.
- We face increasing competition that may materially and adversely affect our business, financial condition and results of operations.
- Our probable lack of business diversification could have a material adverse effect on our business.
- There is no assurance that we will be profitable or pay dividends.
- We are a developing company and have only recently begun to generate positive cash flow.
- Our business is exposed to risks inherent in an agricultural business.
- We are dependent on the popularity of consumer acceptance of our brand portfolio to generate revenues.
- We may be adversely impacted by rising or volatile energy costs.
- We may encounter unknown environmental risks that may delay the development of our businesses.
- Our business is subject to risks and hazards for which we may not be able to obtain insurance coverage.
- Product recalls could lead to decreased demand for our products.
- Our research and development activities may not prove profitable, and we may not be able to accurately forecast our operating results and plan our operations due to uncertainties in the cannabis industry.
- We rely on our executive officers, our key research and development personnel and our key growth and extraction personnel for our future success, and if any such persons were unable to continue in their present positions, we might not be able to replace them.
- Unfavorable publicity or consumer perception could lead to a material adverse effect on the demand for our products and our business, results of operations, financial condition and cash flows.
- We are a holding company and are dependent on the earnings and distributions by our subsidiary, MMDC.
- Currency fluctuations could expose us to exchange risk.
- We may face difficulties acquiring additional financing to fund our growth.
- Our officers and directors may be engaged in a range of business activities resulting in conflicts of interest.
- Our actual financial position and results of operations may differ materially from the expectations of management.

Risks Related to Intellectual Property

- We may be forced to litigate to defend our intellectual property rights, or to defend against claims by third parties against us relating to intellectual property rights.
- U.S. federal trademark and patent protection may not be available for our intellectual property due to the current classification of cannabis as a Schedule I controlled substance.

Risks Related to our Common Shares

- Our Co-CEOs are able to exert significant influence over all matters requiring shareholder approval.
- We are a U.S. domestic company for U.S. federal income tax purposes, are subject to U.S. tax law.
- Dividends received by Canadian holders of Common Shares are subject to U.S. withholdings tax.
- The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control.
- It may be difficult, if not impossible, for U.S. holders of the Common Shares to resell them over the CSE.
- Future sales of the Common Shares by existing shareholders could reduce the market price of the Common Shares.

Risks Related to our Acquisitions and Growth Strategy

- Our failure to successfully integrate acquired businesses, their products and other assets, may result in our inability to realize any benefit from such acquisition.
- We may not be able to effectively manage our growth and operations, which could materially and adversely affect our business.

Risks Related to the Proposed Transaction with NGW

There can be no certainty that all conditions precedent to the Transaction with NGW will be satisfied and the failure to consummate the Transaction may have a material adverse effect on the price of our Common Shares and our operations, financial condition and prospects.

The completion of the Transaction is subject to a number of conditions precedent, certain of which are outside our control, including receipt of the approval of the Supreme Court of British Columbia approving the Transaction, holders of no more than 5% of the outstanding NGW Shares having exercised dissent rights and the receipt of all required material consents, waivers, permits, orders and approvals. There can be no certainty, nor can we provide any assurance, if and when these conditions will be satisfied or waived. These conditions also include approval of the Transaction by NGW Shareholders at the NGW Special Meeting. If, for any reason, the conditions to the Transaction are not satisfied or waived and the Transaction is not completed, the market price of the Common Shares may be adversely affected and the announcement of the Transaction and the dedication of our substantial resources to the completion thereof could have a negative impact on our current business relationships and could have a material adverse effect on the current and future operations, financial condition and our prospects. Additionally, if the Transaction is not completed, we will not realize the expected benefits of the Transaction in respect of our operations and business.

The Arrangement Agreement may be terminated in certain circumstances, including in the event of a material adverse change with respect to us.

We and NGW have the right to terminate the Arrangement Agreement and the Transaction in certain circumstances. Accordingly, there is no certainty, nor can we provide any assurance, that the Arrangement Agreement will not be terminated by either us or NGW before the completion of the Transaction. For example, NGW has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that, in the aggregate, result in a material adverse effect with respect to us. Although a material adverse effect excludes certain events that are beyond our control (such as general changes in the global economy or changes that affect the cannabis industry generally and which do not have a materially disproportionate effect on us), there is no assurance that a material adverse effect with respect to us will not occur before the closing of the Transaction, in which case NGW could elect to terminate the Arrangement Agreement and the Transaction would not proceed. Additionally, any termination will result in the failure to realize the expected benefits of the Transaction in respect of our operations and business.

We may become liable to pay a termination fee to NGW if the Arrangement Agreement is terminated in certain circumstances.

The Arrangement Agreement provides that a termination fee in the amount of USD$2,000,000 is payable by us to NGW if the Arrangement Agreement is terminated in certain circumstances, including: (i) if we fail to complete the Transaction by the outside date of March 31, 2022 (or such later date as may be agreed to in writing by the parties) in circumstances where we are not entitled to terminate the Arrangement Agreement and all conditions to our obligations under the Arrangement Agreement have been satisfied; and (ii) we materially breach our covenants under the Arrangement Agreement.

The issuance of a significant number of our Common Shares in connection with the Transaction could adversely affect the market price of our Common Shares.

If the Transaction is completed, a significant number of additional Common Shares will be issued and will become available for trading in the public market. The increase in the number of our Common Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, our Common Shares.

Risks Related to Regulation and our Industry

Cannabis continues to be a controlled substance under the CSA and our business model, and the nature of our operations could result in adverse actions by agencies of the U.S. federal government, which could have a material adverse effect on us.

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Access to Cannabis for Medical Purposes Regulations (Canada) and the *Cannabis Act* (Canada), in the United States, cannabis is largely regulated at the state level. To date, a total of 36 states, Washington D.C., and the territories of Guam, Puerto Rico, the U.S. Virgin Islands, and the Northern Mariana Islands, have legalized medical cannabis in some form, and 15 of those states, Washington D.C., and the territories of Guam and the Northern Mariana Islands have legalized recreational cannabis.

If the DOJ policy were to aggressively pursue financiers or equity owners of cannabis-related business, and United States attorneys followed such DOJ policies through pursuing prosecutions, then we could face: (i) seizure of our cash and other assets used to support or derived from our cannabis subsidiaries; and (ii) the arrest of our employees, directors, officers, managers and investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis. Additionally, as has recently been affirmed by U.S. Customs and Border Protection, our employees, directors, officers, managers and investors who are not U.S. citizens face the risk of being barred from entry into the United States for life.

Our primary businesses (owned directly or through one or more of our operating companies) are intended to be leading cultivators and dispensaries of cannabis and cannabis-infused products in the State of Nevada and other U.S. states. Because the production and sale of recreational cannabis remain illegal under federal law, it is possible that our future suppliers (and other third-party service providers) and customers may be forced to cease activities. The U.S. federal government, through both the U.S. Drug Enforcement Administration (the "**DEA**") and the U.S. Internal Revenue Service (the "**IRS**"), has the right to actively investigate, audit and shut-down cannabis growing facilities and retailers. The U.S. federal government may also attempt to seize our property. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down our operations will have an adverse effect on our business, operating results and financial condition.

Some of our planned business activities, while compliant with applicable U.S. state and local law, are illegal under U.S. federal law.

Because the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal under U.S. federal law, and any such acts are criminal acts under federal law under any and all circumstances under the CSA, an investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment. We may also be deemed to be aiding and abetting illegal activities through the contracts we have entered into and the products that we intend to provide. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against us, including, but not limited to, aiding and abetting another's criminal activities. The U.S. federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, we may be forced to cease operations and be restricted from operating in the U.S., and our investors could lose their entire investment. Such an action would have a material negative effect on our business and operations.

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which with minimal due process, it could be subject to forfeiture.

In addition, companies providing goods and/or services to companies like us that are engaged in cannabis-related activities may, under threat of federal civil and/or criminal prosecution, suspend or withdraw their services. Any suspension of service and inability to procure goods or services from an alternative source, even on a temporary basis, that causes interruptions in our operations could have a material and adverse effect on our business, financial condition and results of operations.

There is uncertainty surrounding the U.S. federal government and Attorney General Merrick B. Garland and their influence and policies in opposition to the cannabis industry as a whole, and their actions could result in significant fines penalties, convictions or criminal charges, which could have a material adverse effect on us.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis business in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in the Cole Memorandum. The Cole Memorandum was addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the DOJ has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded the Cole Memorandum. With the Cole Memorandum rescinded, U.S. federal prosecutors can exercise their discretion in determining whether to prosecute compliant state law cannabis-related operations as violations of U.S. federal law throughout the United States. The potential impact of the decision to rescind the Cole Memorandum is unknown and may have a material adverse effect on our business and results of operations. Through September 30, 2021, DOJ appropriations prohibit use of funds for enforcement actions against medical cannabis. Merrick B. Garland was sworn in on March 11, 2021 as the 86th U.S. Attorney General, and it remains unknown what position he or President Biden's administration will take regarding federal enforcement actions against the cannabis industry.

With the repeal of the Cole Memorandum by former Attorney General Jeff Sessions, the Department of Justice could allege that we and our Board and, potentially our shareholders, "aided and abetted" violations of federal law by providing finances and services to our portfolio cannabis companies. Under these circumstances, it is possible that the federal prosecutor would seek to seize our assets and to recover the "illicit profits" previously distributed to shareholders resulting from any of the foregoing financing or services. In these circumstances, our operations would cease, shareholders may lose their entire investment and our directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on us, including our reputation and ability to conduct business, our holding (directly or indirectly) of cannabis licenses in the United States, the listing of our securities on stock exchanges, our financial position, operating results, profitability or liquidity or the market price of our publicly traded Common Shares. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Our business interests in the United States include the cultivation and provision of cannabis and cannabis-infused products. We are not aware of any non-compliance with the applicable licensing requirements or regulatory framework enacted by the states in which any of our customers or partners are operating.

The industry in which we operate is still developing and subject to extensive regulation.

The cannabis industry is a new industry that may not succeed. Should the federal government in the U.S. change course and decide to prosecute those dealing in medical or other cannabis under applicable law, there may not be any market for our products and services in the U.S. Cannabis is a new industry subject to extensive regulation, and there can be no assurance that it will grow, flourish or continue to the extent necessary to permit us to succeed. We are treating the cannabis industry as a deregulating industry with significant unsatisfied demand for our proposed products and will adjust our future operations, product mix and market strategy as the industry develops and matures. Further, few clinical trials on the benefits of cannabis or isolated cannabinoids have been conducted. Future research and clinical trials may draw opposing conclusions to statements contained in the articles, reports and studies currently favored, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medical cannabis, which could adversely affect social acceptance of cannabis and the demand for our products and dispensary services.

Accordingly, there is no assurance that the cannabis industry and the market for medicinal and/or adult-use cannabis will continue to exist and grow as currently anticipated or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of further restrictions on sales and marketing or further restrictions on sales in certain areas and markets could have a material adverse effect on our business, financial condition and results of operations.

We face risks due to industry immaturity or limited comparable, competitive or established industry best practices.

As a relatively new industry, there are not many established operators in the medical and adult use cannabis industries whose business models we can follow or build upon. Similarly, there is no or limited information about comparable companies available for potential investors to review in making a decision about whether to invest in us.

Shareholders and investors should consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies, like us, that are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the operation of our business. We may fail to successfully address these risks and uncertainties or successfully implement our operating strategies. If we fail to do so, it could materially harm our business to the point of having to cease operations and could impair the value of the Common Shares to the extent that investors may lose their entire investments.

The size of our target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.

Because the cannabis industry is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in us and, few, if any, established companies whose business model we can follow or upon whose success we can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in us. There can be no assurance that our estimates are accurate or that the market size is sufficiently large for our business to grow as projected, which may negatively impact our financial results.

Our sales and marketing activities and enforcement of contracts may be hindered by regulatory restrictions.

The development of our business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the United States limits our ability to compete for market share in a manner similar to other industries. If we are unable to effectively market our products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for our products, our sales and operating results could be adversely affected. In addition, because our contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, we may face difficulties in enforcing our contracts in U.S. federal and certain state courts.

We expect to incur significant ongoing costs and obligations related to our investment in infrastructure, growth, regulatory compliance and operations, and uncertainty regarding legal and regulatory status and changes may have a material adverse effect on our business.

We expect to incur significant ongoing costs and obligations related to our investment in infrastructure and growth and for regulatory compliance, which could have a material adverse effect on our results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition. Our efforts to grow our business may be costlier than management expects, and we may not be able to increase our revenue enough to offset higher operating expenses. We may incur significant losses in the future for a number of reasons, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease.

Achievement of our business objectives is also contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining other required regulatory approvals. The regulatory regime applicable to the cannabis industry in Canada and the United States is currently undergoing significant proposed changes and we cannot predict the impact of the regime on our business once the structure of the regime is finalized. Similarly, we cannot predict the timeline required to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failing to obtain, required regulatory approvals may significantly delay or impact the development of our markets, products and sales initiatives and could have a material adverse effect on our business, results of operations and financial condition. We will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on our operations.

Our investors, directors, officers and employees may be subject to entry bans into the United States.

Because cannabis remains illegal under United States federal law, those employed at or investing in legal and licensed Canadian cannabis companies could face detention, denial of entry or lifetime bans from the United States for their business associations with cannabis businesses. Entry happens at the sole discretion of the U.S. customs and border protection ("**CBP**") officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the legal cannabis industry in Canada or in the United States could also be reason enough for United States border guards to deny entry.

On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances, and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal or Canada may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States or Canada, like us, who are not United States citizens face the risk of being barred from entry into the United States for life. As described above, on October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible. Any entry bans against our investors, directors, officers and employees may have a material adverse effect on us.

Our operations may become the subject of heightened scrutiny, which may lead to the imposition of additional restrictions on our operations.

Currently, our Common Shares trade on the CSE and are quoted on the OTCQX in the United States. Our business, operations and investments in the United States, and any future business, operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States. As a result, we may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on our ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

It had been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("**CDS**"), refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Common Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of the Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of the applicable stock exchange.

Regulatory scrutiny of the industry in which we operate may negatively impact our ability to raise additional capital.

Our business activities rely on newly established and developing laws and regulations in the states in which we operate or intend to operate. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes, including changes in the interpretation and/or administration of applicable regulatory requirements may adversely affect our profitability or cause us to cease operations entirely. Any determination that our business fails to comply with applicable cannabis regulations would require us either to significantly change or terminate our business activities, which would have a material adverse effect on our business.

The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Advisory or other federal, state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding our industry may adversely affect the business and our operations, including, without limitation, the costs to remain compliant with applicable laws and the impairment of our ability to raise additional capital, which could reduce, delay or eliminate any return on investment in us.

Due to the classification of cannabis as a Schedule I controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes, the unlicensed money-remitter statute and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. In the event that any of our investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States are found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This finding could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while we have no current intention to declare or pay dividends in the foreseeable future, in the event that a determination is made that any such investments in the United States could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

The re-classification of cannabis or changes in U.S. controlled substance laws and regulations could have a material adverse effect on our business.

If cannabis is re-classified as a Schedule II or lower controlled substance under the CSA, the ability to conduct research on the medical benefits of cannabis would most likely be more accessible; however, if cannabis is re-categorized as a Schedule II or lower controlled substance, the resulting re-classification would result in the need for approval by the FDA if medical claims are made about our medical cannabis products. As a result of such a re-classification, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products could become subject to a significant degree of regulation by the DEA. In that case, we may be required to be registered to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of our products. The DEA conducts periodic inspections of registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on our business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

We, and/or contract counterparties that are directly engaged in the trafficking of cannabis, may incur significant tax liabilities due to limitations on tax deductions and credits under section 280E of the Code.

Section 280E of the Code prohibits businesses from taking deductions or credits in carrying on any trade or business consisting of trafficking in certain controlled substances that are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from underpayment of taxes due to the application of Section 280E. Under a number of cases, the United States Supreme Court has held that income means gross income (not gross receipts). Under this reasoning, the cost of goods sold ("**COGS**") is permitted as a reduction in determining gross income, notwithstanding Section 280E. Although proper reductions for COGS are generally allowed to determine gross income, the scope of such items has been the subject of debate, and deductions for significant costs may not be permitted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. Thus, we, to the extent of our "trafficking" activities, and/or key contract counterparties directly engaged in trafficking in cannabis, have incurred significant tax liabilities from the application of Section 280E. Our income tax obligations under Section 280E of the Code are typically substantially higher as compared to companies to which Section 280E does not apply. Section 280E essentially requires us to pay federal, and as applicable, state income taxes on gross profit, which presents a significant financial burden that increases our net loss and may make it more difficult for us to generate net profit and cash flow from operations in future periods. In addition, to the extent that the application of Section 280E creates a financial burden on contract counterparties, such burdens may impact the ability of such counterparties to make full or timely payment to us, which would also have a material adverse effect on our business.

State and local laws and regulations may heavily regulate brands and forms of cannabis products, and there is no guarantee that our proposed products and brands will be approved for sale and distribution in any state.

States generally only allow the manufacture, sale and distribution of cannabis products that are grown in that state and may require advance approval of such products. Certain states and local jurisdictions have promulgated certain requirements for approved cannabis products based on the form of the product and the concentration of the various cannabinoids in the product. While we intend to follow the guidelines and regulations of each applicable state and local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any state or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. As we expand into other U.S. jurisdictions, we plan to undertake no cross-border cannabis commerce between states until the federal regulatory environment permits such commerce to occur.

We may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for us to operate.

In February 2014, the FinCEN issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Biden administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, we may have limited or no access to banking or other financial services in the United States and may have to operate our business on an all-cash basis. The inability or limitation in our ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for us to operate and conduct our business as planned.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions.

Our operations are subject to environmental regulation in the various jurisdictions in which we operate. 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 that 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 (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Government approvals and permits are currently, and may in the future, be required in connection with our operations. To the extent such approvals are required and not obtained, we may be curtailed or prohibited from our current or proposed production, manufacturing or sale of marijuana or marijuana products or from proceeding with the development of our operations as currently proposed.

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. We 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.

Amendments to current laws, regulations and permits governing the production, manufacturing or sale of marijuana or marijuana products, or more stringent implementation thereof, could have a material adverse impact on us and cause increases in expenses, capital expenditures or production or manufacturing costs or reduction in levels of production, manufacturing or sale or require abandonment or delays in development.

Failure to obtain or maintain the necessary licenses, permits, authorizations or accreditations could have a material adverse effect on our business.

We may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate our businesses. In addition, we may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on our ability to operate in the cannabis industry, which could have a material adverse effect on our business.

If obtained, any state licenses in the U.S. are expected to be subject to ongoing compliance and reporting requirements. In certain states, such as Nevada, regulators have the ability to impose a background check, a requirement which may or may not be waivable at the discretion of the regulator, on any individual holding an ownership interest in the licenses, with failure to provide such background check potentially resulting penalties including civil fines and penalties up to suspension or revocation of the underlying license(s). A state regulator may or may not act upon a waiver request, and receipt of an approved waiver request does not preclude a state regulator from revisiting the determination and requiring a background check be conducted on any shareholder. In addition, under Nevada cannabis laws, any beneficial holder of any of our securities, regardless of the number of shares, may be required to file an application, be investigated, and have his or her suitability as a beneficial holder of the voting securities determined if the CCB has reason to believe that such ownership would otherwise be inconsistent with the declared policies of the State of Nevada.

State-license applications or state-regulator license award announcements, including state-run license lotteries, may not result in issuance of a license to us, conditional or otherwise. For example, as of the date of this registration statement, IDFPR has not issued us a conditional license in Illinois and there can be no assurance that such a license will be issued. Additionally, conditional licenses we hold or we may receive may not pass final inspections or requirements imposed by regulators, and would expire. Should any state in which a license is necessary to operate our business, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, our business, financial condition and results of the operation could be materially adversely affected.

U.S. state laws legalizing and regulating the sale and use of cannabis could be repealed or overturned, and local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

There is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, our business or operations in those states or under those laws would be materially and adversely affected. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect us, our business and our assets or investments.

The rulemaking process at the state level that applies to cannabis operators in any state will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. All operating policies and procedures we have implemented are compliance-based and are derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding our efforts and diligence, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that we will receive the requisite licenses, permits or cards to continue operating our businesses.

In addition, local laws and ordinances could restrict our business activity. Although our operations are legal under the laws of the states in which our business operates, local governments have the ability to limit, restrict and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances and similar laws could be adopted or changed and have a material adverse effect on our business.

Multiple states where medical and/or adult use cannabis is legal have or are considering special taxes or fees on businesses in the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

We may face limitations on ownership of cannabis licenses, which may restrict our ability to grow.

In certain states, the cannabis laws and regulations limit not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person or entity may own. Such limitations on the ownership of additional licenses within certain states may limit our ability to grow in such states. We employ joint ventures from time to time to ensure continued compliance with the applicable regulatory guidelines. Currently, we have a joint venture with a third party in Illinois. We intend to structure our joint ventures on a case-by-case basis but generally intend to maintain operational control over the joint venture business and a variable economic interest through the applicable governing documents.

We may become subject to FDA or ATF regulation that may have an adverse effect on our business, and we may be subject to negative clinical trials.

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would seek to regulate cannabis under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations, including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify the efficacy and safety of cannabis. It is also possible that the FDA would require facilities where medical use cannabis is grown to register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact they would have on the cannabis industry is unknown, including the costs, requirements and possible prohibitions that may be enforced. If we are unable to comply with the potential regulations or registration requirements prescribed by the FDA, it may have an adverse effect on our business, prospects, revenue, results of operation and financial condition.

It is also possible that the federal government could seek to regulate cannabis under the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives (the "**ATF**"). The ATF may issue rules and regulations related to the use, transporting, sale and advertising of cannabis or cannabis products, including smokeless cannabis products.

From time to time, studies or clinical trials on cannabis products may be conducted by academics or others, including government agencies. The publication of negative results of studies or clinical trials related to our proposed products or the therapeutic areas in which our proposed products will compete could have a material adverse effect on our sales.

Some of our planned business activities are contingent upon the enactment of adoption of new regulations in the State of Nevada.

Our objective is to build out a portion of the Planet 13 Las Vegas Superstore for use as an on-site cannabis consumption lounge as part of its phased expansion plans. In order to operate a consumption lounge, we are reliant on the CCB passing the required regulations to enable on-site consumption lounges. There is no guarantee that the CCB will pass the required regulations, and there is no guarantee that if the regulations are passed that we will be awarded the necessary license(s) to operate a consumption lounge. Should we not be awarded the necessary licenses, we may be unable to position the reserved space at the Planet 13 Las Vegas Superstore to its highest and best intended use.

California is considering a revised statutory framework for agency consolidation and tax simplification in 2022.

We, through our subsidiary Newtonian, hold the California License issued under the MAUCRSA statutory framework in California. California's Department of Cannabis Control under the administration of Governor Gavin Newsom (the "**Newsom Administration**") consolidated the California Licensing Agencies into a single department and approved consolidated emergency regulations which are now in effect. The regulations create consistent standards for cannabis licenses across all license types, which may impact the processes, procedures, administration, and generally the operations of commercial cannabis licenses in California. The Newsom Administration is also considering tax simplification in 2022, which would shift the responsibilities of tax collection from the final distributor to the first for cultivation, and for the retail excise tax from the distributor to the retailer. While we are closely following the Newsom Administration's budget proposals and revisions and will provide public comment, the enacted form of the uniform licensing protocols and regulatory clean-up as part of a short-term and longer-term strategy are unknown and the regulations and regulatory impact on the licenses and operations therefrom is not currently known.

We could be subject to criminal prosecution or civil liabilities under RICO.

The Racketeer Influenced Corrupt Organizations Act ("**RICO**") criminalizes the use of any profits from certain defined "racketeering" activities in interstate commerce. While intended to provide an additional cause of action against organized crime, due to the fact that cannabis is illegal under U.S. federal law, the production and sale of cannabis qualifies cannabis related businesses as "racketeering" as defined by RICO. As such, all officers, managers and owners in a cannabis related business could be subject to criminal prosecution under RICO, which carries substantial criminal penalties.

RICO can create civil liability as well: persons harmed in their business or property by actions which would constitute racketeering under RICO often have a civil cause of action against such "racketeers," and can claim triple their amount of estimated damages in attendant court proceedings. We, as well as our officers, managers and owners, could all be subject to civil claims under RICO.

We lack access to U.S. bankruptcy protections.

Many courts have denied cannabis businesses bankruptcy protections because the use of cannabis is illegal under federal law. In the event of a company's bankruptcy, it may be very difficult for lenders to recoup their investments in the cannabis industry. If we experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available, which would have a material adverse effect on us.

Our internal controls over financial reporting may not be effective, which could have a significant and adverse effect on our business.

We will be subject to various SEC reporting and other regulatory requirements. We have incurred and will continue to incur expenses and, to a lesser extent, diversion of our management's time in our efforts to comply with Section 404 of the Sarbanes-Oxley Act regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing we conduct in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm when required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of the Common Shares.

Risks Related to our Business and Operations

The full effect of the COVID-19 pandemic on our operations is unknown at this time, and it may continue to have a significant negative effect on us in the future.

As reflected in the Management's Discussion & Analysis, the COVID-19 pandemic has had a negative effect on our business. While the continued impact of COVID-19 on us remains unknown, continued spread of COVID-19 or its variants may have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, labor productivity, operations, mobility of people as a result of travel restrictions and border closures and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and expected timelines and other factors relevant to us. The current global uncertainty with respect to the spread of COVID-19 or its variants and its effect on the broader global economy may have a significant negative effect on us.

Management is committed to keeping our retail stores open to customers but continues to monitor the situation on a daily basis and is prepared to take necessary actions in response to directives of government and public health authorities, and any actions that are in the best interests of our team members, customers, and other stakeholders. We have already taken and will continue to take actions to mitigate the effects of COVID-19 on our operations, such as the expansion of our fleet of delivery vehicles, while protecting the health and safety of our team members, customers and other stakeholders.

Uncertain economic conditions resulting from the COVID-19 pandemic may, in the short or long term, adversely impact demand for our products. We rely on consumers' demand for the cannabis products we sell in our retail stores. Consumer spending may decline across cannabis retail. Such a situation could adversely affect our business, financial condition, liquidity and results of operations. A limited or general decline in consumption of cannabis products could occur in the future due to a variety of factors related to the COVID-19 pandemic, including: (i) a continued decline in economic or geopolitical conditions, including increased or prolonged unemployment, resulting in reduced consumer disposable income; (ii) concern about the health consequences of consuming cannabis products given the increased awareness of health concerns during this time; and (iii) a general decline in consumers leaving their homes and favoring online shopping, resulting in less foot traffic in our retail stores.

Many of the third-party statistics or data presented herein predate the COVID-19 pandemic, and forecasts or estimates may be impacted by economic or regulatory changes resulting from the pandemic. Although we have yet to experience a material decline in consumer spending, the ultimate impact is currently unknown and may become significant as consumers continue to experience financial hardship from prolonged unemployment.

We face increasing competition that may materially and adversely affect our business, financial condition and results of operations.

The cannabis industry and businesses ancillary to and directly involved with cannabis businesses are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. As such, we face competition from companies that may have greater capitalization, access to public equity markets, more experienced management or more maturity as a business. The vast majority of both manufacturing and retail competitors in the cannabis market consist of localized businesses (those doing business in a single state), although there are multistate operators with which we compete directly. Aside from this direct competition, out-of-state operators that are capitalized well enough to enter markets through acquisitive growth are also part of the competitive landscape. Similarly, as we execute our growth strategy, operators in our future state markets will inevitably become direct competitors. We are likely to continue to face increasing and intense competition from these companies. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and results of operations.

If the number of users of adult-use and medical marijuana in the United States increases, the demand for products will increase. Consequently, we expect that competition will become more intense as current and future competitors begin to offer an increasing number of diversified products to respond to such increased demand. To remain competitive, we will require a continued investment in research and development, marketing, sales and client support. We may not have sufficient resources to maintain sufficient levels of investment in research and development, marketing, sales and client support efforts to remain competitive, which could materially and adversely affect our business, financial condition and results of operations.

Acquisitions or other consolidating transactions in the cannabis industry could harm us in a number of ways, including losing customers, revenue and market share, or forcing us to expend greater resources to meet new or additional competitive threats, all of which could harm our operating results. As competitors enter the market and become increasingly sophisticated, competition in our industry may intensify and place downward pressure on retail prices for our products and services, which could negatively impact our profitability.

Our reliance on our operations in limited jurisdictions means that adverse changes or developments could have a material adverse effect on our business.

To date, our activities and resources have been primarily focused within the States of Nevada and California, and we have acquired or announced award of licenses in the States of Florida and Illinois in 2021. We expect to continue the focus on these states as we continue to review further expansion opportunities into other jurisdictions in the United States. Adverse changes or developments within California, Florida, Illinois, or Nevada could have a material adverse effect on our ability to continue producing cannabis, and our business, financial condition and prospects.

Our probable lack of business diversification could have a material adverse effect on our business.

Because we are initially focused solely on developing our cannabis business, the prospects for our success will depend upon the future performance and market acceptance of our intended facilities, products, processes, and services. Unlike certain entities that have the resources to develop and explore numerous product lines, operating in multiple industries or multiple areas of a single industry, we do not anticipate the ability to immediately diversify or benefit from the possible spreading of risks or offsetting of losses.

There is no assurance that we will be profitable or pay dividends.

There is no assurance as to whether we will achieve profitability or pay dividends. We have incurred and anticipate that we will continue to incur substantial expenses relating to the development and initial operations of our business. The payment and amount of any future dividends, if any, will depend upon, among other things, our results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends. In the event that any of our investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

We are a developing company and have only recently begun to generate positive cash flow.

We have only recently begun to generate positive cash flow and opened the Planet 13 Las Vegas Superstore on November 1, 2018, and the Planet 13 OC Superstore on July 1, 2021. It is extremely difficult to make accurate predictions and forecasts of our finances. This is compounded by the fact that we operate in the cannabis industry, which is rapidly transforming. There is no guarantee that our products or services will continue to be attractive to current and potential consumers.

Our business is exposed to risks inherent in an agricultural business, which may have a material adverse effect on us.

Our business involves the growing of cannabis, an agricultural product. As such, there are many similar risks as with any agricultural commodity, such as fluctuations in pricing. We will be subject to other risks inherent in the agricultural business, such as insects, plant diseases, drought, and similar cultivation risks. Although we expect that any such growing will be completed under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

We are dependent on the popularity of consumer acceptance of our brand portfolio to generate revenues.

Our ability to generate revenue and be successful in the implementation of our business plan is dependent on consumer acceptance of and demand for our products. Acceptance of our products depends on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, consistency of product quality and reliability. If these customers do not accept our products, or if such products fail to adequately meet customers' needs and expectations, our ability to continue generating revenues could be reduced.

We may be adversely impacted by rising or volatile energy costs.

Our cannabis growing operations consume considerable energy, which makes us vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely affect our business and our ability to operate profitably.

We may encounter unknown environmental risks that may delay the development of our businesses.

There can be no assurance that we will not encounter hazardous conditions, such as asbestos or lead, at the sites of the real estate used to operate our businesses, which may delay the development of our businesses. Upon encountering a hazardous condition, work at our facilities may be suspended. If we receive notice of a hazardous condition, we may be required to correct the condition prior to continuing construction. If additional hazardous conditions were present, it would likely delay construction and may require significant expenditure of our resources to correct the conditions. Such conditions could have a material impact on our investment returns.

Threats to our information technology systems and potential cyber-attacks and security breaches could have a material adverse effect on our business, reputation and financial condition.

Our operations depend, in part, on how well we and our suppliers protect networks, equipment, information technology ("**IT**") systems and software against damage and threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance and replacement of network equipment, IT systems and software, as well as pre-emptive expenses to mitigate associated risks. Given the nature of our products and the lack of legal availability outside of channels approved by the federal government, as well as the concentration of inventory in our facilities, there remains a risk of shrinkage, as well as theft. A security breach at one of our facilities could expose us to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential consumers from choosing our products. If there were a breach in security and we fell victim to theft or robbery, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivations and processing equipment, or if there were a failure in information systems, it could adversely affect our reputation and business continuity.

Additionally, we may store and collect personal information about customers and are responsible for protecting that information from privacy breaches that may occur through procedural or process failure, IT malfunction or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly consumer lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

We are subject to laws, rules and regulations in the United States (such as the California Consumer Privacy Act ("**CCPA**")) and other jurisdictions relating to the collection, processing, storage, transfer and use of personal data. Our ability to execute transactions and to possess and use personal information and data in conducting our business subjects us to legislative and regulatory burdens that may require us to notify regulators and customers, employees and other individuals of a data security breach. Evolving compliance and operational requirements under the CCPA and the privacy laws, rules and regulations of other jurisdictions in which we operate impose significant costs that are likely to increase over time. In addition, non-compliance could result in proceedings against us by governmental entities and/or significant fines, could negatively impact our reputation and may otherwise adversely impact our business, financial condition and operating results.

Our business is subject to a number of risks and hazards for which we may not be able to obtain any or adequate insurance coverage.

Our business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although we intend to continue to maintain insurance to protect against certain risks in such amounts as we consider to be reasonable, our insurance will not cover all the potential risks associated with our operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in our operations is not generally available on acceptable terms. We might also become subject to liability for pollution or other hazards which we may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect on our financial performance and results of operations.

Our business faces risks of exposure to product liability claims, regulatory action, complaints, enforcement action and litigation that could prevent or inhibit the commercialization of our potential products and have a material adverse effect on us.

As a distributor of products designed to be ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the sale of our products involves 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 our products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that our products caused injury, illness or death, 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 against us could result in increased costs, could adversely affect our reputation with our clients and consumers generally and could have a material adverse effect on our business, results of operations and financial condition. There can be no assurances that we 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 our potential products.

In general, our participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against us. Adverse outcomes in some or all of these actions may result in significant monetary damages or injunctive relief that could result in material liability or adversely affect our ability to conduct our business. Litigation, complaints, and enforcement actions involving either us and/or our subsidiaries, regardless of the outcome, could consume considerable amounts of financial and other corporate resources, adversely impact our reputation and have a material adverse effect on the market price of our Common Shares and our future cash flows, earnings, results of operations and financial condition.

We may become party to litigation from time to time in the ordinary course of business which could have a material adverse effect on us.

We or our subsidiaries may also be party to litigation or subject to claims from time to time in the ordinary course of business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. Adverse outcomes in some or all of these actions may result in significant monetary damages or injunctive relief that could result in material liability or adversely affect our ability to conduct our business. Litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. Litigation, complaints, and actions involving either us and/or our subsidiaries, regardless of the outcome, could consume considerable amounts of financial and other corporate resources, adversely impact our reputation and have a material adverse effect on the market price of our Common Shares and our future cash flows, earnings, results of operations and financial condition.

Product recalls could lead to decreased demand for our products and could have a material adverse effect on our results of operations and financial condition.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of our products are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing our products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of our brands were subject to recall, the image of that brand and of us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Our research and development activities may not prove profitable, and we may not be able to accurately forecast our operating results and plan our operations due to uncertainties in the cannabis industry.

Although we are committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

We are operating our business in a relatively new medical and adult-use cannabis industry and market. We must rely largely on our own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical and adult-use cannabis industry in the States of California, Florida, Illinois, or Nevada. Further, because U.S. federal and state laws prevent widespread participation in and otherwise hinder market research in the medical and adult-use cannabis industry as a whole, the third-party market data available to us is limited and unreliable. Our market research and projections of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of our management team. Due to the early stage of the regulated cannabis industry, forecasts regarding the size of the industry and the sales of products by us are inherently difficult to prepare with a high degree of accuracy and reliability. Any event or circumstance that affects the recreational or medical cannabis industry or market could have a material adverse effect on our business, financial condition and results of operations. No assurances can be given that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. A failure in the demand for products to materialize as a result of competition, technological change or other factors could have a material adverse effect on our business, results of operations and financial condition.

We rely on our executive officers, our key research and development personnel and our key growth and extraction personnel for our future success, and if any such persons were unable to continue in their present positions, we might not be able to replace them.

Our success has depended, and continues to depend, upon our ability to attract and retain key management, including our Co-CEOs, Chief Financial Officer, Vice-President of Finance, Vice-President of Operations, Vice-President of Sales and Marketing, General Counsel and technical experts. We will attempt to enhance our management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. Our inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on our business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect our financial condition, results of operations of the business and could limit our ability to develop and market our cannabis-related products. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them.

Our future success depends substantially on the continued services of our executive officers, our key research and development personnel and our key growth and extraction personnel. If one or more of our executive officers or key personnel were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all. In addition, if any of our executive officers or key employees join a competitor or form a competing company, we may lose know-how, key professionals and staff members. These executive officers and key employees could compete with and take customers away. The loss of any of our senior management or key employees could materially adversely affect our ability to execute our business plan and strategy, and we may not be able to find adequate replacements on a timely basis, or at all. We do not maintain key person life insurance policies on any of our employees.

We could be liable for fraudulent or illegal activity by our employees, contractors and consultants resulting in significant financial losses and claims against us.

We are exposed to the risk that our employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violate government regulations. It is not always possible for us to identify and deter misconduct by our employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could have a material adverse effect on our business, financial condition and results of operations.

In certain circumstances, our reputation could be damaged, resulting in a material adverse effect to our business.

Damage to our reputation can be the result of the actual or perceived occurrence of any number of events and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easy for individuals and groups to communicate and share opinions and views regarding us and our activities, whether true or not. Although we believe that we operate in a manner that is respectful to all stakeholders and that we take care in protecting our image and reputation, we do not ultimately have direct control over how we are perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to our overall ability to advance our projects, thereby having a material adverse impact on our financial performance, financial condition, cash flows and growth prospects.

Unfavorable publicity or consumer perception could lead to a material adverse effect on the demand for our products and our business, results of operations, financial condition and cash flows.

We believe the medical and recreational cannabis industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis distributed to such consumers. Consumer perception of our products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis or derivative 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 medical or recreational 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 our products and our business, results of operations, financial condition and cash flows. Our dependence on consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for our products, and our 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 our products 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 appropriately or as directed. Public opinion and support for medical and recreational cannabis has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical cannabis as opposed to legalization in general).

Because of our reliance on key inputs and their related costs, any significant interruption or negative change in the availability or economics of our supply chain could have a materially adverse impact on our business, financial condition and operating results.

The cultivation, extraction and processing of cannabis and derivative products is dependent on a number of key inputs and their related costs, including raw materials, 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 our 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 relevant investment entity might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition and operating results.

Our ability to compete and grow will also be dependent on having access, at a reasonable cost and in a timely manner, to equipment, parts and components. No assurances can be given that we will be successful in maintaining our required supply of equipment, parts and components. This could have an adverse effect on our financial results.

We are a holding company and are dependent on the earnings and distributions by our subsidiary, MMDC.

We are a holding company and the vast majority of our assets are the capital stock of MMDC. As a result, our investors are subject to the risks attributable to MMDC. As a holding company, we conduct substantially all of our business through MMDC, which generates substantially all of our revenues. Consequently, our cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of MMDC and the distribution of those earnings to us. The ability of MMDC to pay dividends and other distributions will depend on its operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by MMDC and contractual restrictions contained in the instruments governing its debt. In the event of a bankruptcy, liquidation or reorganization of MMDC, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of MMDC before us.

The termination of any of our leases may have a material adverse effect on our business, financial condition and prospects.

We currently lease our production and cultivation facility, the Planet 13 Las Vegas Superstore, the Medizin dispensary in Las Vegas, Nevada, and the Planet 13 OC Superstore. Each of the leases specifically contemplates carrying on licensed cannabis activities pursued by us and through our subsidiaries at those locations. While we currently have a good relationship with each of our landlords, a termination of any of the leases by any of our respective landlords could have a material adverse effect on our business, financial condition and prospects.

Competition for the acquisition and leasing of properties suitable for the cultivation, production and sale of medical and adult use cannabis may impede our ability to make acquisitions or increase the cost of these acquisitions, which could adversely affect our operating results and financial condition.

We compete for the acquisition of properties suitable for the cultivation, production and sale of medical and adult use cannabis with entities engaged in agriculture and real estate investment activities, including corporate agriculture companies, cultivators, producers and sellers of cannabis. These competitors may prevent us from acquiring and leasing desirable properties, may cause an increase in the price we must pay for properties or may result in us having to lease our properties on less favorable terms than we expect. Our competitors may have greater financial and operational resources than we do and may be willing to pay more for certain assets or may be willing to accept more risk than we believe can be prudently managed. In particular, larger companies may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Our competitors may also adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms. In addition, due to a number of factors, including but not limited to potential greater clarity of the laws and regulations governing medical use cannabis by state and federal governments, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If we pay higher prices for properties or enter into leases for such properties on less favorable terms than we expect, our profitability and ability to generate cash flow and make distributions to our stockholders may decrease. Increased competition for properties may also preclude us from acquiring those properties that would generate attractive returns to us.

We face costs of maintaining a public listing which could adversely affect our business, financial condition and results of operations.

As a public company with securities listed on the CSE, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. We may also elect to devote greater resources than we otherwise would have on communication and other activities typically considered important by publicly traded companies.

In addition we are subject, or will become subject, to the reporting requirements, rules and regulations under applicable Canadian and U.S. securities laws. The requirements of existing and potential future rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may place undue strain on our personnel, systems and resources, which could adversely affect our business, financial condition and results of operations.

Currency fluctuations could expose us to exchange risk, which may have a material adverse effect on our business.

Our revenues and expenses are expected to be primarily denominated in U.S. dollars, while funding may occur in Canadian dollars or other non-U.S. currencies, therefore exposing us to currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on our business, financial condition and operating results. We may, in the future, establish a program to hedge a portion of our foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if we develop a hedging program, there can be no assurance that it will effectively mitigate currency risks.

We may face difficulties acquiring additional financing to fund our growth, and we can provide no guarantee on the use of available funds.

The development of our business and our ability to execute on expansion opportunities will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing our expansion opportunities and our current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders. Our inability to raise financing through traditional banking to fund ongoing operations, capital expenditures or acquisitions could limit our growth and may have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

We expect to continue to have access to equity and debt financing from the public and prospectus exempt (private placement) markets in Canada. If such equity and/or debt financing is no longer available in the public markets in Canada due to changes in applicable law, then we expect that we would have access to raise equity and/or debt financing privately. However, we can provide no assurances that access to such sources of capital will be available in the future.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high-net-worth individuals and family offices that have made meaningful investments in companies and projects similar to our projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to us when needed or on terms that are acceptable. Any inability by us to raise financing, if, as, or when required, to fund capital expenditures or acquisitions could limit our growth and may have a material adverse effect upon future profitability.

Further, we cannot specify with certainty the particular uses of our available funds. Management has broad discretion in the application of our available funds. Accordingly, shareholders of the Common Shares will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. Our management may spend a portion or all of the available funds in ways that our shareholders might not desire, that might not yield a favorable return and that might not increase the value of a shareholder's investment. The failure by management to apply these funds effectively could harm our business. Pending use of such funds, we might invest available funds in a manner that does not produce income or that loses value.

Our officers and directors may be engaged in a range of business activities resulting in conflicts of interest.

Although certain of our officers are bound by non-competition agreements limiting their ability to enter into competing and/or conflicting ventures or businesses during, and for a period of 12 months after, their employment with us, we may be subject to various potential conflicts of interest because some of our officers and directors may be engaged in a range of business activities. In addition, our executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to us. In some cases, our executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to our business and affairs and that could adversely affect our operations. These business interests could require significant time and attention of our executive officers and directors.

In addition, we may also become involved in other transactions which conflict with the interests of our directors and the officers who may from time to time deal with persons, firms, institutions or companies with which we may be dealing, or which may be seeking investments similar to those desired by us. The interests of these persons could conflict with ours. In addition, from time to time, these persons may be competing with us for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, our directors are required to act honestly, in good faith and in our best interests.

Our actual financial position and results of operations may differ materially from the expectations of management.

Our actual financial position and results of operations may differ materially from management's expectations. As a result, our revenue, net income and cash flow may differ materially from our projected revenue, net income and cash flow. The process for estimating our revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect our financial condition or results of operations.

Risks Related to Intellectual Property

We may be forced to litigate to defend our intellectual property rights, or to defend against claims by third parties against us relating to intellectual property rights.

We may be forced to litigate to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract management from focusing on operating our business. The existence and/or outcome of any such litigation could harm our business. Further, because the content of much of our intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions or under federal law, we may face additional difficulties in defending our intellectual property rights.

U.S. federal trademark and patent protection may not be available for our intellectual property due to the current classification of cannabis as a Schedule I controlled substance, and we may be unable to adequately protect our proprietary and intellectual property rights, particularly in the U.S., even if available.

Our ability to compete may depend on the superiority, uniqueness and value of any intellectual property and technology that we may develop. To the extent we are able to do so, to protect any proprietary rights, we intend to rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with our employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of our intellectual property:

1. The market for our products and services may depend to a significant extent upon the goodwill associated with our trademarks and trade names, and our ability to register certain of our intellectual property under U.S. federal and state law is impaired by the illegality of cannabis under U.S. federal law;

2. Patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products;

3. Our applications for trademarks and copyrights relating to our business may not be granted and, if granted, may be challenged or invalidated;

4. Issued patents, trademarks and registered copyrights may not provide us with competitive advantages;

5. Our efforts to protect our intellectual property rights may not be effective in preventing misappropriation of any of our products or intellectual property;

6. Our efforts may not prevent the development and design by others of products or marketing strategies similar to or competitive with, or superior to those we develop;

7. Another party may assert a blocking patent and we would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in our products; or

8. The expiration of patent or other intellectual property protections for any assets we own could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales.

The effect of the loss of these protections on us and our financial results will depend, among other things, upon the nature of the market and the position of our products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements, but the impact could be material and adverse.

Further, as long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as a federal trademark regarding the intellectual property of a business, may not be available to us. As a result, our intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third parties. In addition, because the regulatory framework of the cannabis industry is in a constant state of flux, we can provide no assurance that we will ever obtain any protection of our intellectual property, whether on a federal, state or local level.

Risks Related to our Common Shares

Our Co-CEOs are able to exert significant influence over all matters requiring shareholder approval.

Robert Groesbeck and Larry Scheffler, the Co-CEOs, co-Chairmen and each a director of the Company, are promoters of the Company. As of January 19, 2022: (i) Mr. Groesbeck owns, or controls or directs, directly or indirectly, a total of 38,818,935 Common Shares, and 562,510 restricted share units ("**Restricted Share Units**" or "**RSUs**"), representing in the aggregate approximately 18.73% of the equity of the Company on a fully diluted basis; and (ii) Mr. Scheffler owns, or controls or directs, directly or indirectly, a total of 39,470,205 Common Shares and 562,510 RSUs, representing in the aggregate approximately 19.04% of the equity of the Company on a fully diluted basis. By virtue of their status as our principal shareholders, and by each being a director and/or our executive officer, each of Messrs. Groesbeck and Scheffler have the power to exercise significant influence over all matters requiring shareholder approval, including the election of directors, amendments to our articles, mergers, business combinations and the sale of substantially all of our assets. As a result, we could be prevented from entering into transactions that could be beneficial to us or our other shareholders. Also, third parties could be discouraged from making a takeover bid. Further, sales by either Messrs. Groesbeck and Scheffler of a substantial number of Common Shares could cause the market price of the Common Shares to decline.

We are a U.S. domestic company for U.S. federal income tax purposes, and we and our shareholders are subject to U.S. tax law.

We are treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code. As a result, we are subject to U.S. income tax on our worldwide income, and any dividends paid by us to holders of our shares not domiciled in the U.S. ("**Non-U.S. Holders**") are generally subject to U.S. federal income tax withholding at a 30% rate or such lower rate as provided in an applicable treaty. We expect to continue to be treated as a U.S. domestic corporation for U.S. federal tax purposes.

In addition, Section 382 of the Code contains rules that limit for U.S. federal income tax purposes the ability of a corporation that undergoes an "ownership change" to utilize its net operating losses (and certain other tax attributes) existing as of the date of such ownership change. Under these rules, a corporation generally is treated as having had an "ownership change" if there is more than a 50% increase in stock ownership by one or more "five percent shareholders," within the meaning of Section 382 of the Code, during a rolling three-year period. We do not have any net operating loss carry forwards or research and development credit carry forwards as of December 31, 2017 that would be subject to Section 382 of the Code.

Furthermore, we will be subject to Canadian income tax on our worldwide income. Consequently, it is anticipated that we may be liable for both U.S. and Canadian income tax, which could have a material adverse effect on our financial condition and results of operations.

Because the Common Shares are treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules may apply to a Non-U.S. Holder of Common Shares.

Dividends received by Canadian holders of Common Shares are subject to U.S. withholdings tax.

Dividends received by holders of Common Shares who are residents of Canada for purposes of the Income Tax Act (Canada) (the "**Tax Act**") will be subject to U.S. withholding tax. A foreign tax credit under the Tax Act in respect of such U.S. withholding taxes may not be available to such holder.

Dividends received by non-resident holders of Common Shares who are U.S. holders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Because we will be considered to be a U.S. domestic company for U.S. federal income tax purposes, dividends paid by us will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code.

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control.

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following: (i) actual or anticipated fluctuations in our quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of companies in the industry in which we operate; (iv) addition or departure of our executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Common Shares; (vi) sales or perceived sales of additional Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; (viii) fluctuations to the costs of vital production materials and services; (ix) changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility; (x) operating and share price performance of other companies that investors deem comparable to us or from a lack of market comparable companies; (xi) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets; and (xii) regulatory changes in the industry.

Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which might result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely affected and the trading price of the Common Shares might be materially adversely affected.

It may be difficult, if not impossible, for U.S. holders of the Common Shares to resell them over the CSE or at all.

It has recently come to management's attention that all major securities clearing firms in the U.S. have ceased participating in transactions related to securities of Canadian public companies involved in the medical cannabis industry. This appears to be due to the fact that cannabis continues to be listed as a controlled substance under U.S. federal law, with the result that cannabis-related practices or activities, including the cultivation, possession or distribution of cannabis, are illegal under U.S. federal law. Accordingly, U.S. residents who acquire the Common Shares as "restricted securities" may find it difficult – if not impossible – to resell such shares over the facilities of any Canadian stock exchange on which the shares may then be listed including the CSE. It remains unclear what impact, if any, this and any future actions among market participants in the U.S. will have on the ability of U.S. residents to resell any of the Common Shares that they may acquire in open market transactions.

Generally, given the heightened risk profile associated with cannabis in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the U.S. cannabis industry, which may prohibit or significantly impair the ability of securityholders in the United States to trade our securities. If residents of the United States are unable to settle trades of our securities, this may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

Future sales of the Common Shares by existing shareholders could reduce the market price of the Common Shares.

Sales of a substantial number of the Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of the Common Shares intend to sell the Common Shares, could reduce the market price of the Common Shares. Additional Common Shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for the Common Shares. Holders of our incentive stock options may have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell the Common Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Common Shares being sold in the public market, and fewer long-term holds of Common Shares by our management and employees.

Risks Related to our Acquisitions and Growth Strategy

Our failure to successfully integrate acquired businesses, their products and other assets, or if integrated, failure to further our business strategy, may result in our inability to realize any benefit from such acquisition.

We may grow by acquiring other businesses. The consummation and integration of any acquired business, product or other assets may be complex and time consuming and, if such businesses and assets are not successfully integrated, we may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further our business strategy as anticipated, expose us to increased competition or other challenges with respect to our products or geographic markets, and expose us to additional liabilities associated with an acquired business, technology or other asset or arrangement. If integration is not managed successfully by our management, we may experience interruptions in our business activities, deterioration in our employee, customer or other relationships, increased costs of integration and harm to our reputation, all of which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

If and when we acquire cannabis businesses, we may obtain the rights to applications for licenses as well as licenses; however, the procurement of such applications for licenses and licenses generally will be subject to governmental and regulatory approval. There are no guarantees that we will successfully consummate such acquisitions, and even if we consummate such acquisitions, the procurement of applications for licenses may never result in the grant of a license by any state or local governmental or regulatory agency and the transfer of any rights to licenses may never be approved by the applicable state and/or local governmental or regulatory agency.

While we intend to conduct reasonable due diligence in connection with our acquisitions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such entities or assets for which we are not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect our financial performance and results of operations. We could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from the acquisition. All of these factors could cause dilution to our revenue per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Common Shares.

We may not be able to effectively manage our growth and operations, which could materially and adversely affect our business.

If we implement our business plan as intended, we may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of our financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. We intend to utilize outsourced resources and hire additional personnel to manage our expected growth and expansion. Failure to successfully manage our possible growth and development could have a material adverse effect on our business and the value of the Common Shares.

There is a risk that some or all of the anticipated strategic and financial benefits may fail to materialize, may not continue on their existing terms, or may not occur within the time period anticipated. Although we have conducted due diligence with respect to material aspects of the development of our business, there is no certainty that our due diligence procedures will reveal all of the risks and liabilities associated with our current plans. Although we are not aware of any specific liabilities, such liabilities may be unknown and, accordingly, the potential monetary cost of such liability is also unknown.

ITEM 2. FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of Planet 13 Holdings Inc. (the "**Company**" or "**Planet 13**") is for the nine months ended September 30, 2021 and 2020 and for the years ended December 31, 2020, 2019 and 2018. It is supplemental to, and should be read in conjunction with, our consolidated financial statements for the nine months ended September 30, 2021 and 2020 and the years ended December 31, 2020, 2019 and 2018 and the accompanying notes for each respective periods. Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("**GAAP**"). Financial information presented in this MD&A is presented in United States dollars ("**$**" or "**US$**"), unless otherwise indicated.

This MD&A contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable Canadian and United States securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading "Disclosure Regarding Forward-Looking Statements," identified in this registration statement. As a result of many factors, our actual results may differ materially from those anticipated in these forward-looking statements and information.

Overview of the Company

Our predecessor, MMDC, was incorporated on March 20, 2014, as a Nevada limited liability company. On March 14, 2018, MMDC underwent a statutory conversion to a Nevada domestic corporation named MM Development Company, Inc. On June 11, 2018, MMDC then completed a reverse-take-over of Carpincho, and the resulting entity was renamed Planet 13 Holdings Inc.

We continued on June 26, 2019, under the jurisdiction and laws of British Columbia and hold 100% ownership in MMDC, a vertically integrated US subsidiary corporation active in the cultivation, production, distribution, and retail sale of both medical and recreational cannabis which at the date of this registration statement is restricted to the State of Nevada. For purposes of this registration statement, reference to the Company may also include MMDC as a wholly owned and controlled subsidiary of Company. We hold six cultivation licenses operating at three licensed cultivation facilities, each location operating jointly under a medical and adult-use cultivation license. One cultivation license is located in Clark County Nevada (Las Vegas) in an approximately 16,100 square foot facility with indoor cultivation and a perpetual harvest cycle. The second cultivation license is located near the town of Beatty in Nye County, Nevada. The facility currently houses approximately 500 square feet of research and development and genetics testing. The Beatty site has the potential for over 2,300,000 square feet of greenhouse production capacity on 80 acres of owned land with municipal water and abundant electrical power already at the edge of the property. The third cultivation license is located in Clark County Nevada (Las Vegas) in a 25,000 square foot facility with indoor cultivation and a perpetual harvest cycle in Las Vegas, Nevada. This facility is in the process of being expanded to 45,000 square feet.

We also have six production licenses operating at three licensed production facilities, each location operating jointly under a medical and adult-use cultivation license, four of which are located in Clark County. Two of the four were previously co-located within the 16,100 square foot cultivation facility and were approximately 2,300 square feet. These two licenses were relocated to the 18,500 square foot customer facing production facility that opened inside the Planet 13 Las Vegas Superstore cannabis entertainment complex in November 2019. This facility incorporates butane hash oil extraction (BHO extraction), distillation equipment and microwave assisted extraction equipment as well as a state-of-the-art bottling and infused beverage line and an edibles line able to produce infused chocolates, infused gummies and other edible products and was expanded to 18,500 square feet in September 2021. The second production facility is co-located at the Beatty facility and the third facility is co-located in the 25,000 square foot cultivation facility (currently undergoing an expansion to 45,000 square feet) but is not active at present.

We also have three dispensary licenses. Two licenses are operating at one licensed dispensary facility, one license is medical and the other is for adult-use retail sales. The licenses operate out of the same joint location and presently occupy approximately 24,000 square feet of retail space (expanded from 16,000 square feet in September 2021) located adjacent to the Las Vegas Strip where we opened, on November 1, 2018, the Planet 13 Las Vegas Superstore. Prior to November 1, 2018, the licenses operated out of a 2,300 square feet facility located approximately six miles off the Las Vegas Strip (the "**Medizin Facility**"). The licenses were transferred to the Planet 13 Las Vegas Superstore location on October 31, 2018.

We were successful in our litigation (for additional discussion regarding this litigation refer to the heading *Medizin Re-opening*) and were awarded an additional Clark County recreational license and have transferred the license to our Medizin dispensary that was closed when the licenses were transferred to the Planet 13 Las Vegas Superstore. We reopened the Medizin dispensary on November 20, 2020. We have also been granted a distribution license and launched a distribution and delivery service in Nevada to augment our retail locations and be able to deliver product to both wholesale customers and local Nevada state residents throughout the State of Nevada.

We opened the second phase of the Planet 13 Las Vegas Superstore location with ancillary offerings that include a coffee shop, restaurant and event space in November 2019. The build out of a merchandise store and CBD store selling our Planet M branded CBD products inside the Planet 13 Las Vegas Superstore entertainment complex was completed in September 2021. The recent expansion of the Planet 13 Las Vegas Superstore dispensary floor space to 24,000 square added new entertainment features, a second entrance and an additional 40 point-of-sale terminals, all designed to reduce wait times for customers and improve on the already fantastic customer experience was completed in September 2021 We also plan to build a potential cannabis lounge in a segregated area of the facility where patrons will be able to consume products that have been purchased at the dispensary. The state and county have passed the necessary legislation that legalizes consumption lounges, and we are scheduled to obtain a license for such an activity and are waiting on final approval of local regulations prior to determining the final design of the planned lounge. The Planet 13 Las Vegas Superstore also houses our corporate offices. In addition, the production facility housed within the superstore complex, described above, has enabled us to expand our vertical integration and increase the amount of our own branded products that are sold in the Planet 13 Las Vegas Superstore as well as re-entering the wholesale market selling concentrates, edibles and infused beverages.

On July 17, 2020, we expanded our premium indoor cultivation capacity and added additional production and distribution capabilities with the purchase of the inventory, equipment and tenant improvements and cannabis cultivation, production and distribution licenses located in a 25,000 square foot facility with indoor cultivation and a perpetual harvest cycle in Las Vegas, Nevada, which is currently being expanded to 45,000 square feet (the "**WCDN Asset Acquisition**"). The WCDN Asset Acquisition has allowed us to expand our vertically integrated product offerings in Nevada.

The Santa Ana Acquisition occurred on May 20, 2020, whereby we acquired all of the issued and outstanding common stock of Newtonian, resulting in our acquiring the California License and the Santa Ana Permit, which were both held by Newtonian, and a 30-year lease for the Santa Ana Premises along with the Warner Assets. Newtonian had no operations at the time of the Santa Ana Acquisition. On July 1, 2021, we opened the Planet 13 OC Superstore dispensary to the public. Upon application made, on September 25, 2020, our subsidiary Newtonian received a City of Santa Ana Regulatory Safety Permit Phase 1 for distribution at the Santa Ana Premise, and plans to open a distribution facility upon completion of construction and receipt of the Regulatory Safety Permit Phase 2 from the City of Santa Ana. The construction budget for the 33,000 square foot adult-use retail facility and distribution at the Santa Ana Premise was US$7.5 to $8.5 million. Although there have been minor delays due to temporary staffing shutdowns at the City of Santa Ana related primarily to COVID-19, and the City of Santa Ana not allowing in-person plan submissions, we managed to open the facility on time and within budget. Total buildout costs, including the costs associated with the buildout of our wholesale distribution license was $9.2 million.

The focus of activity during the nine months ended September 30, 2021, was to continue to grow and provide cannabis and cannabis related products to our medical cannabis and adult recreational customers as well as selling branded recreational and medical cannabis products and related cannabis products to our growing wholesale customer base in the State of Nevada. In addition, in the State of California, we were focused on the opening of the Planet 13 OC Superstore on July 1, 2021 and growing revenue from the sale of recreational cannabis through both the retail store and home delivery, and on continuing the integration and optimization of the WCDN Asset Acquisition.

On March 19, 2020, we announced that we would continue to provide core dispensary services during the COVID-19 pandemic and encouraged all local Nevada resident customers to utilize our express pick-up and/or delivery services so as to limit personal interactions and practice social distancing as recommended by the Centre for Disease Control. On March 17, 2020, Nevada State Governor Steve Sisolak announced the closure of all non-essential business starting at noon on March 18, 2020, for 30 days as part of the State's response to curb the threat of the spread of the COVID-19 virus. This shutdown was extended until June 1, 2020. On April 30, 2020, all retail cannabis dispensaries in Nevada were allowed to offer online ordering with curbside pick-up in addition to delivery and on May 7, 2020, as part of the State of Nevada's COVID 19 reopening plan, all dispensaries were allowed to reopen to the general public at significantly reduced number of customers allowed in the facility at the same time. All dispensaries are allowed to have a maximum of 50% of the dispensary location's fire rated occupancy level. The shutdown due to COVID-19 during the months of April, May and June 2020 had a material impact on our business in Q2 2020 from the business closures and lack of tourist traffic in Las Vegas coupled with the reduction in allowed customer traffic during the shutdown period. The partial reopening of resorts, hotels and casinos resulted in increased tourist traffic to Las Vegas and an increase of customers to the Planet 13 Las Vegas Superstore in July to October 2020 and coincided with a return of in-store retail sales, with the store operating at 50% capacity under COVID-19 social distancing safety measure and protocols, coupled with continued online ordering with home delivery and curbside pick-up. This saw operations return to, and surpass, pre-COVID-19 revenue in the months of July to October 2020. The State of Nevada initiated renewed COVID-19 restrictions in November 2020, and, coupled with the lockdowns in California that drastically reduced the amount of tourist traffic to Las Vegas during November and December 2020, caused a significant reduction in tourist traffic to the Planet 13 Las Vegas Superstore during the final two months of 2020 and through to the end of February 2021. The easing of restrictions in Nevada and surrounding states in January 2021 and the move to further open the State of Nevada on February 15, 2021, resulted in an increase in tourist traffic to the Planet 13 Las Vegas Superstore during the first three months of 2021, with us reporting record revenues for the months of March and April 2021. On May 1, 2021, the State of Nevada allowed businesses to operate at 80% of their fire rated occupancy limits and on June 1, 2021, further eased its COVID-19 restrictions to allow all businesses to fully open. Current COVID-19 protocols in Nevada include mask mandates in Clark and Nye county, where we have operations, for all individuals within public indoor settings. Current COVID-19 protocols in California includes a general industry safety order by Cal/OSHA that masks are required statewide for unvaccinated individuals in indoor public settings and workplaces.

We caution that current global uncertainty with respect to the spread of COVID-19 or its variants and its effect on the broader global economy may have a significant negative effect on us. While the precise impact of COVID-19 on us remains unknown, rapid spread of COVID-19 or its variants may have a material adverse effect on global economic activity and can result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to us.

We are also subject to Section 280E of the Code, which prohibits businesses from taking deductions or credits in carrying on any trade or business consisting of trafficking in certain controlled substances that are prohibited by federal law. We, to the extent of our "trafficking" activities, and/or key contract counterparties directly engaged in trafficking in cannabis, have incurred significant tax liabilities from the application of Section 280E. Our income tax obligations under Section 280E of the Code are typically substantially higher as compared to companies to which Section 280E does not apply. Section 280E essentially requires us to pay federal, and as applicable, state income taxes on gross profit, which presents a significant financial burden that increases our net loss and may make it more difficult for us to generate net profit and cash flow from operations in future periods. In addition, to the extent that the application of Section 280E creates a financial burden on contract counterparties, such burdens may impact the ability of such counterparties to make full or timely payment to us, which would also have a material adverse effect on our business.

Recent Developments

The following are recent developments after the quarter ended September 30, 2021:

On October 1, 2021, we, through our wholly owned subsidiary, Planet 13 Florida Inc., completed the purchase of a license issued by the Florida Department of Health to operate as a MMTC in the state of Florida for $55.0 million in cash. Licensed MMTCs are vertically integrated and the only businesses in Florida authorized to dispense medical marijuana cannabis to qualified patients and caregivers. MMTCs are authorized to cultivate, process, transport and dispense medical marijuana. As of October 1, 2021, there were 22 companies with MMTC licenses with 370 dispensing locations across Florida. License holders are not subject to restrictions on the number of dispensaries that may be opened or on the number or size of cultivation and processing facilities they may operate.

On December 20, 2021, we entered into an Arrangement Agreement with NGW pursuant to which we have agreed to acquire all of the issued and outstanding NGW Shares pursuant to the Plan of Arrangement**.** We have agreed to acquire all of the NGW Shares for a total consideration of approximately C$91 million. Under the terms of the Arrangement Agreement, based on pricing as of December 17, 2021, NGW Shareholder**s** will receive 0.1081 of the Planet 13 Shares subject to adjustment of the Exchange Ratio, and C$0.0001 in cash, for each NGW Share held, representing an implied price per NGW Share of C$0.465. Pursuant to the Arrangement Agreement, upon closing, all outstanding NGW options to acquire NGW Shares will be exchanged for our options that will entitle the holders to receive, upon exercise thereof, Planet 13 Shares based upon the Exchange Ratio.The Acquisition requires the approval of NGW Shareholders at the NGW Special Meeting expected to be held in February 2022 with the approval of at least 66 ⅔% of the votes cast in person or by proxy at the NGW Special Meeting. In addition to the approval of NGW Shareholders, the Acquisition is subject to approval of the Supreme Court of British Columbia and certain other regulatory approvals. Subject to the receipt of all necessary approvals and the satisfaction or waiver of other closing conditions, the Transaction is expected to be completed in the first quarter of 2022. For additional information, see "*Business – History of the Company."*

Results of Operations

Three Months and Nine Months Ended September 30, 2021 Compared to Three and Nine Months Ended September 31, 2020

Expressed in USD$	**Three Months Ended Sep-30-2021**	**Three Months Ended Sep-30-2020**	**Percentage Change**
Revenue			
Net revenue	$ 32,952,254	$ 22,797,338	44.5%
Cost of Goods Sold	(15,235,120)	(10,244,725)	48.7%
Gross Profit	**$ 17,717,134**	**$ 12,552,613**	41.1%
Gross Profit Margin %	53.8%	55.1%	
Expenses			
General and Administrative	19,788,627	6,793,019	191.3%
Sales and Marketing	1,959,579	991,215	97.7%
Lease expense	673,878	612,329	10.1%
Depreciation and Amortization	1,376,520	945,537	45.6%
Total Expenses	**23,798,604**	**9,342,100**	154.7%
Income (Loss) From Operations	**(6,081,470)**	**3,210,513**	(289.4)%
Other (Income) Expense:			
Interest Expense, net	8,111	13,367	(39.3)%
Realized Foreign Exchange (gain) loss	(362,402)	169,684	(313.6)%
Transaction costs	-	135,075	na
Change in fair value of warrants	(6,240,073)	3,959,128	(257.6)%
Other expense (income)	(152,466)	(174,145)	(12.4)%
Total Other (Income) Expense	**(6,746,830)**	**4,103,109**	(264.4)%
Income (loss) for the period before tax	**665,360**	**(892,596)**	(174.5)%
Provision for income tax (current and deferred)	3,397,821	4,754,018	(28.5)%
Income (Loss) for the period	**$ (2,732,461)**	**$ (5,646,614)**	(51.6)%
Income (Loss) per share for the period			
Basic and fully diluted income (loss) per share	**$ (0.01)**	**$ (0.03)**	
Weighted Average Number of Shares Outstanding			
Basic and diluted	196,357,392	162,536,424	

Expressed in USD$	Nine Months Ended Sep-30-2021	Nine Months Ended Sep-30-2020	Percentage Change
Revenue			
Net revenue	89,612,050	50,351,336	78.0%
Cost of Goods Sold	(39,827,876)	(23,853,435)	67.0%
Gross Profit	**$ 49,784,174**	**$ 26,497,901**	87.9%
Gross Profit Margin %	55.6%	52.6%	
Expenses			
General and Administrative	44,185,685	19,553,836	126.0%
Sales and Marketing	4,162,934	2,684,174	55.1%
Lease expense	1,934,138	1,502,412	28.7%
Depreciation and Amortization	3,325,524	2,753,936	20.8%
Total Expenses	**53,608,281**	**26,494,358**	102.3%
Income (Loss) From Operations	**(3,824,107)**	**3,543**	(108,034.2)%
Other (Income) Expense:			
Interest Expense, net	23,698	23,914	(0.9)%
Realized Foreign Exchange (gain) loss	(1,805,953)	(266,003)	578.9%
Transaction costs	256,666	135,075	90.0%
Change in fair value of warrants	2,728,386	(423,917)	(743.6)%
Other expense (income)	(338,890)	(250,212)	35.4%
Total Other (Income) Expense	**863,907**	**(781,143)**	(210.6)%
Income (loss) for the period before tax	**(4,688,014)**	**784,686**	(697.4)%
Provision for income tax (current and deferred)	9,632,808	7,581,972	27.0%
Income (Loss) for the period	**(14,320,822)**	**(6,797,286)**	110.7%
Income (Loss) per share for the period			
Basic and fully diluted income (loss) per share	**$ (0.07)**	**$ (0.05)**	
Weighted Average Number of Shares Outstanding			
Basic and diluted	194,529,766	144,932,087	

We experienced a 44.5% increase in net revenue during the three months ended September 30, 2021, when compared to the three months ended September 30, 2020. The increase is directly attributable to an increase in the number of customers and an increase in average spend per customer at our Planet 13 Las Vegas Superstore dispensary during both the three and nine months ended September 30, 2021 when compared to the same periods ended September 30, 2020. The increase in wholesale transactions during the period, the re-opening of the Medizin Dispensary in late November 2020 and the addition of revenue from the recently opened Planet 13 OC Superstore in Santa Ana, also contributed to the increase in overall revenue when compared to the three and nine months ended September 30, 2020 that was negatively impacted by the COVID-19-related shutdowns. The Medizin dispensary and the Planet 13 OC Superstore were not open during the nine months ended September 30, 2020 and, and we had limited wholesale business during the prior year period. Curb-side pick-up and home delivery revenue decreased by 36% and 57% respectively in Q2 2021 when compared to Q2 2020 as a result of the easing of COVID-19 operating protocols during Q2 2021 that lead to more customers opting for an in-person shopping experience. While the COVID-19 shutdown impacted our tourist customer base due to the partial shutdown of hotels and resorts in the State of Nevada during April 2021, the increase in average spend per customer during May and June 2021 more than off-set the decline in curb-side pick-up and home delivery revenue. The reopening of the Medizin dispensary and the addition of a robust wholesale business and the opening of the Planet 13 OC Superstore drove an overall 44.5% increase in revenue in Q3 2021 when compared to Q3 2020. Overall revenue for the nine months ended September 30, 2021, increased by 78.0% when compared to revenue during the nine months ended September 30, 2020.

The easing of restrictions in Nevada and surrounding states in January 2021 and the move to further open the State of Nevada on February 15, 2021, resulted in an increase in tourist traffic to the Superstore during the first three months of 2021, with us reporting record revenues for the months of March and April 2021. On May 1, 2021, the State of Nevada allowed businesses to operate at 80% of their fire rated occupancy limits and on June 1, 2021, the State further eased its COVID-19 restrictions and allowed all businesses to fully open. Current COVID-19 protocols in Nevada include mask mandates in Clark and Nye county, where we have operations, for all individuals within public indoor settings.

On August 5, 2021, our subsidiary, Planet 13 Illinois LLC won a Conditional Adult Use Dispensing Organization License in the Chicago-Naperville-Elgin region from the Illinois Department of Financial and Professional Regulation. We are evaluating potential locations for a dispensary. We own 49% of Planet 13 Illinois and 51% is owned by Frank Cowan.

Details of net revenue by product category are as follows:

	Three Months Ended 30-Sep-21	Three Months Ended 30-Sep-20	Percentage Change
Flower	$ 15,797,957	$ 13,881,768	13.8%
Concentrates	$ 8,896,194	$ 4,002,641	122.3%
Edibles	$ 5,197,188	$ 3,012,090	72.5%
Topicals and Other Revenue	$ 1,947,811	$ 1,179,786	65.1%
Wholesale	$ 1,099,580	$ 721,053	52.5%
Net revenue	$ 32,938,730	$ 22,797,338	44.5%

	Nine Months Ended 30-Sep-21	Nine Months Ended 30-Sep-20	Percentage Change
Flower	$ 46,400,764	$ 27,398,621	69.4%
Concentrates	$ 22,365,768	$ 11,078,934	101.9%
Edibles	$ 12,596,942	$ 8,113,031	55.3%
Topicals and Other Revenue	$ 4,858,491	$ 2,754,363	76.4%
Wholesale	$ 3,376,359	$ 1,006,387	235.5%
Net revenue	$ 89,598,324	$ 50,351,336	77.9%

Gross Profit margin for Q3 2021 decreased to 53.8% from 55.1% when compared Q3 2020 (increased to 55.6% compared to 52.6% for the nine months ended September 30, 2021, and 2020 respectively). The decrease in Q3 2021 was a result of lower revenue contribution from in-store sales at the Las Vegas Superstore when compared to Q3 2020. Revenue from the Medizin dispensary, the Santa Ana dispensary, wholesale revenue and revenue from curb side pick-up and home delivery all have lower gross margin profitability when compared to in-store retail sales at our Planet 13 Las Vegas Superstore.

The following revenue amounts are net revenues after the allocation of sales discounts and loyalty accruals and are for the nine months ended September 30, 2021, and 2020:

- Superstore In-Store revenue of $62.8 million in 2021 compared to $38.2 million in 2020.
- Nevada Delivery & Curbside revenue of $9.8 million in 2021 compared to $10.5 million in 2020.
- Wholesale revenue of $3.4 million in 2021 compared to $1.0 million in 2020.
- Medizin In-Store revenue of $9.6 million in 2021 compared to $*0* in 2020.
- Orange County In-Store revenue of $2.1 million in 2021 compared to $*0* in 2020.
- Orange County Delivery & Curbside of $0.321 million compared to $*0* in 2020.
- Other revenue (Restaurant and other) of $1.6 million in 2021 compared to $0.562 million in 2020.
- Total revenue of $89.6 million in 2021 compared to $50.3 million 2020, representing an increase of 78.0% over 2020.

The costs of internal cultivation have continued to trend down as we continue to improve our yields and cultivation efficiency across all of our cultivation facilities. In addition, margin enhancement through the creation of internally generated brands, such as TRENDI, Leaf & Vine, HaHa Gummies, Dreamland Chocolate, HaHa Beverages and Medizin, continue to have a positive impact on gross margins during the three and nine months ended September 30, 2021, helping offset the lower margins received on the sale of wholesale product and the sales to local customers in the State of Nevada. We anticipate that margins will trend upward as tourist customers return to Las Vegas and the Planet 13 Las Vegas Superstore in greater numbers.

Our premium cultivation facilities were operating near capacity during the three and nine months ended September 30, 2021, and 2020, respectively. The amount of cannabis grown during Q3 2021 (and the nine months ended September 30, 2021) increased significantly when compared to Q3 2020 (and the nine months ended September 30, 2020) due to the addition of the 25,000 square feet of cultivation capacity that was added as part of the WVapes acquisition that closed in November 2020.

The yield per plant for the nine months ended September 30, 2021, was negatively impacted by our acquisition of the WCDN cultivation facility and the WCDN strains thereby acquired. Several of the acquired WCDN strains genetically yield a lesser number of grams per plant than our Medizin strains. We have optimized the WCDN facility, both by introducing higher yielding Medizin strains as well as increasing the yield of the retained WCDN strains through improved cultivation techniques. Management believes that aggregate yields for the balance of 2021 will continue to show improvement. The comparative metrics for the overall cultivation were as follows:

	September 30, 2021	**September 30, 2020**
Stage of growth	42.20%	39.10%
Yield by plant	117 grams	91 grams
Survival rate	87.90%	87.10
Wholesale Selling price	$ 5.29	$ 4.73

Overall gross margin was $17,717,134 in Q3 2021 compared to $12,552,613 in Q3 2020, an increase of 41.1% (Gross margins were $49,784,174 and $26,497,901 for the nine months ended September 30, 2021, and 2020 respectively, an increase of 87.9%).

General and Administrative ("**G&A**") expenses (which includes non-cash share-based compensation expenses, sales and marketing expenses and depreciation and amortization expenses) increased by 191.3% in Q3 2021 when compared to Q3 2020 (increased 126.0% for the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020). The large increase in G&A expenses incurred during Q3 2021 and the nine months ended September 30, 2021, was a result of increased costs incurred as a result of COVID-19 operating procedures, Medizin dispensary G&A expense for the full nine-month period, pre-operating labor and expenses for the Planet 13 OC Superstore location as well as operating costs post-opening July 1, 2021, and the expansion of our wholesale and delivery sales channels as well as increased expenditures related to corporate initiatives during the current periods when compared to the prior periods. Overall, excluding non-cash share-based compensation expenses, G&A expenses as a percentage of revenue equaled 39.9% for the three months ended September 30, 2021, as compared to 49.6% for the three months ended September 30, 2020, (35.7% for the nine months ended September 30, 2021, compared to 34.9% for the nine months ended September 30, 2020).

A detailed breakdown of G&A expenses is as follows:

	For the three months ended September, 30		Percentage Change
	2021	2020	
Salaries and wages	$ 6,134,539	$ 2,420,126	153.5%
Executive compensation	447,800	392,142	14.2%
Licenses and permits	969,610	301,707	221.4%
Payroll taxes and benefits	931,950	451,497	106.4%
Supplies and office expenses	621,642	275,107	126.0%
Subcontractors	953,356	444,175	114.6%
Professional fees (legal, audit and other)	938,028	848,726	10.5%
Miscellaneous general and administrative expenses	2,177,855	1,090,312	99.7%
Share-based compensation expense	6,613,846	569,227	1,061.9%
	$ 19,788,627	$ 6,793,019	191.3%

	For the nine months ended September, 30		Percentage Change
	2021	2020	
Salaries and wages	$ 14,481,158	$ 6,546,241	121.2%
Executive compensation	1,385,009	897,203	54.4%
Licenses and permits	2,258,551	1,296,695	74.2%
Payroll taxes and benefits	2,380,171	1,370,969	73.6%
Supplies and office expenses	1,562,832	641,796	143.5%
Subcontractors	2,166,299	1,056,499	105.0%
Professional fees (legal, audit and other)	2,842,599	2,592,331	9.7%
Miscellaneous general and administrative expenses	4,897,500	3,146,035	55.7%
Share-based compensation expense	12,211,567	2,006,067	508.7%
	$ 31,974,118	$ 17,547,769	126.0%

Non-cash, share based compensation of $6,613,846 were recognized during Q3 2021 ($12,211,567 during the nine months ended September 30, 2021) and increased from the $569,227 incurred in Q3 2020 ($2,006,067 for the nine months ended September 30, 2020). The increase can be attributable to the vesting schedule for both RSUs and incentive stock options that were previously granted, particularly the RSUs that were granted on April 18, 2021, that vest 1/3 on December 1, 2021, and 1/3 on the first and second anniversary of the first vesting date. During the nine months ended September 30, 2020, we also granted 50,000 RSUs to an employee on January 1, 2020, that vest 1/3 on the grant date and 1/3 on the first and second anniversary of the grant date. These amounts are non-cash, and the expense is recognized in accordance with the vesting schedule of the underlying stock options and RSUs. (See Note 14 in our audited consolidated financial statements for the year ended December 31, 2020, for additional details on the assumptions used to calculate fair value as well as information regarding the vesting of the various components of the non-cash share-based compensation).

Sales and marketing expenses increased by 97.7% during Q3 2021 when compared to Q3 2020. The large increase was a result of the State of Nevada easing COVID-19 operating restrictions resulting in a return of the tourist customer to Las Vegas with sales and marketing expenditures ramping up to promote the Planet 13 Las Vegas Superstore location to potential tourist customers. We continue to refine our marketing efforts to optimize marketing spend on initiatives that drive increased customer traffic to the Superstore complex. In addition, we ramped up our sales and marketing spend at the Planet 13 OC Superstore location, which opened on July 1, 2021, in order to drive awareness and traffic to the new location.

Depreciation and Amortization increased by 45.6% during Q3 2021 when compared to Q3 2020 and increased 20.8% during the nine months ended September 30, 2021, when compared to the nine months ended September 30, 2020, because of our recording depreciation on the WCDN cultivation facility during the period as well as additional depreciation resulting from the Planet 13 OC Superstore location that opened July 1, 2021.

Interest expense recorded in Q3 2021 of $8,111 and $13,367 in Q3 2020 (as well as interest expense of $23,698 during the nine months ended September 30, 2021, and $23,914 during the nine months ended September 30, 2020), relates to accrued interest on our long-term debt that is due and payable on demand. The balance of long-term debt as of September 30, 2021, was $884,000 compared to $884,000 as of December 31, 2020.

We conduct our operations in both the United States and Canada holding financial assets in both currencies and incurs expenses in both USD and CAD. On December 31, 2020, the value of the USD was USD$1.00= CAD$1.2732 compared to the value of the USD of USD$1.00=CAD$1.2741 as at September 30, 2021, resulting in our realizing a foreign exchange gain of $362,42 for Q3 2021 compared to a foreign exchange loss of ($169,684) Q3 2020 (realized foreign currency gain of $1,805,953 and a foreign exchange gain of $266,003 for the nine months ended September 30, 2021 and 2020 respectively). It is our policy to not hedge our CAD$ exposure.

Warrants are accounted for in accordance with the applicable authoritative accounting guidance in ASC Topic 815, Derivatives and Hedging – Contracts in Entity's Own Equity ("ASC 815"), as derivative liabilities based on the specific terms of the warrant agreements. Liability-classified instruments are recorded at fair value at each reporting period with any change in fair value recognized as a component of change in fair value of derivative liabilities in the consolidated statements of operations and comprehensive loss. Transaction costs allocated to warrants that are presented as a liability are expensed immediately within other expenses (income) in the statements of net loss and comprehensive loss. During Q3 2021 the change in fair value of the warrants resulted in a gain of $6,240,073 compared to a loss of $3,959,128 during Q3 2020 (loss of $2,728,386 for the nine months ended September 30, 2021, and a gain of $423,917 for the nine months ended September 30, 2020).

Other income, consisting of Automated Teller Machine (ATM) fees, interest and other miscellaneous income was $152,466 for Q3 2021 compared to $174, 145 for Q3 2020 ($338,890 for the nine months ended September 30, 2021, and $250, 212 for the nine months ended September 30, 2020).

The income tax provision for Q3 2021, was $3,398,631 compared to $4,754,018 for Q3 2020. The tax provision decreased due to the decrease in taxable profitability during the period. We are subject to US Federal tax legislation that denies the deduction of certain expenditures for tax purposes that would otherwise be available to non-cannabis-based businesses that results in our being subject to a higher overall tax rate on net income.

The income tax provision for the nine months ended September 30, 2021, was $9,632,808 compared to $7,581,972 for the nine months ended September 30, 2020. The tax provision increased due to the increase in taxable profitability during the period.

Overall net loss after tax for the three months ended September 30, 2021, was $2,732,461 (($0.01) per share) compared to a net loss of $5,646,614 ($0.03) per share) for the three months ended September 30, 2020.

The overall net loss for the nine months ended September 30, 2021, was $14,320,822 (($0.07) per share) compared to an overall net loss of $6,797,286 (($0.05) pershare) for the nine months ended September 30, 2020.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Expressed in USD$	**Year Ended Dec-31-2020**	**Year Ended Dec-31-2019**	**Percentage Change**
Revenue			
Net revenue	70,491,280	63,595,036	10.8%
Cost of Goods Sold	(35,394,019)	(27,086,453)	30.7%
Gross Profit	**35,097,261**	**36,508,583**	(3.9)%
Gross Profit Margin %	49.8%	57.4%	
Expenses			
General and Administrative	27,416,166	25,230,274	8.7%
Sales and Marketing	3,305,639	6,539,483	(49.5)%
Lease expense	2,114,743	1,912,984	10.5%
Depreciation and Amortization	3,674,907	2,287,249	60.7%
Total Expenses	**36,511,455**	**35,969,990**	1.5%
Income (Loss) From Operations	**(1,414,194)**	**538,593**	(362.6)%
Other (Income) Expense:			
Interest Expense, net	22,202	27,073	(18.0)%
Realized Foreign Exchange (gain) loss	(398,525)	271,240	(246.9)%
Transaction costs	275,250	-	na
Change in fair value of warrants	16,805,941	5,541,590	203.3%
Other expense (income)	(216,850)	(350,775)	(38.2)%
Total Other (Income) Expense	**16,488,019**	**5,489,128**	200.4%
Income (loss) for the period before tax	**(17,902,213)**	**(4,950,535)**	261.6%
Provision for income tax (current and deferred)	7,106,516	7,352,808	(3.3)%
Income (Loss) for the period	**(25,008,729)**	**(12,303,343)**	103.3%
Income (Loss) per share for the period			
Basic and fully diluted income (loss) per share	**$ (0.16)**	**$ (0.09)**	
Weighted Average Number of Shares Outstanding			
Basic and diluted	151,825,439	134,074,476	

We experienced a 10.8% increase in net revenue during the year ended December 31, 2020, when compared to the year ended December 31, 2019. The increase is directly attributable to an increase in average spend per customer at our Planet 13 Las Vegas Superstore dispensary as well as the addition of curb-side pickup and home delivery transactions during the period offset by the impact of COVID-19 on revenue and customer traffic during Q2 2020 when a full lock-down was in place in Nevada, and we were only able to offer on-line ordering/home delivery followed by a partial reopening towards the end of Q2 2020. Curb-side pick-up was not available during the prior year period and home delivery volumes represented an immaterial amount of our revenue during the year ended December 31, 2019. The large increase in both home delivery and curb-side pick-up during the period was the result of the impact of the COVID-19 pandemic and the change in consumer buying habits that it has caused. While the COVID-19 shutdown impacted our tourist customer base due to the full lock-down and partial reopening of hotels and resorts in the State of Nevada during the year ended December 31, 2020, the increase in average spend per customer during the period, coupled with the addition of increased home delivery volume and curb-side pick-up volumes and revenue from our wholesale business and recently opened Medizin dispensary in November 2020 more than offset the reduction in customer traffic when compared to the year ended December 31, 2019.

Details of net revenue by product category are as follows:

	Year Ended 31-Dec-20	Year Ended 31-Dec-19	Percentage Change
Flower	$ 38,628,268	$ 26,145,413	47.7%
Concentrates	15,316,769	19,018,607	(19.5)%
Edibles	11,019,130	13,470,082	(18.2)%
Topicals and Other Revenue	3,812,053	4,960,934	(23.2)%
Wholesale	1,715,059	-	n/a
Net revenue	$ 70,491,280	$ 63,595,036	10.8%

Gross Profit margin decreased to 48.5% for the year ended December 31, 2020 when compared to the Gross Profit margin of 57.3% experienced during the ended December 31, 2019. Gross profit margin for the year ended December 31, 2020 was affected by the revenue mix and the addition of lower margin home delivery and wholesale revenue during the year when compared to the year ended December 31, 2019. Wholesale revenue has lower gross margin profitability while the home delivery and curb-side pick-up revenue is heavily skewed to the local Nevada customer that receives a set discount from the listed price for being a Nevada state resident. The costs of internal cultivation have continued to trend down as we continue to improve our yields and cultivation efficiency. In addition, margin enhancement through the creation of internally generated brands, such as TRENDI, Leaf & Vine, HaHa Gummies, Dreamland Chocolate, HaHa Beverages and Medizin, continue to have a positive impact on gross margins during the three months and year ended December 31, 2020, helping offset the lower margins received on the sale of wholesale product and the sales to local customers.

Our premium cultivation facilities were operating near capacity during the year ended December 31, 2020, as well as during the year ended December 31, 2019. The amount of cannabis grown during each period was similar, the price per gram was also similar. The yield for the year ended December 31, 2020, was 79 grams/plant, while the yield for the year ended December 31, 2019, was 140 grams per plant. The yield per plant for the year ended December 31, 2020, was negatively impacted by our acquisition of the WCDN cultivation facility and the WCDN strains thereby acquired. Several of the acquired WCDN strains genetically yield a lesser number of grams per plant than our Medizin strains. For the year ended December 31, 2020, the average yield of our Medizin strains equalled 142 grams per plant whereas the acquired WCDN strains average yield equalled 36 grams per plant. The amount of cannabis harvested in each of the years ended December 31, 2020 and 2019, respectively, was similar and resulted in a consistent level of biological assets being transferred to inventory and sold during each year. We also added an additional 25,000 square feet of cultivation as part of the WCDN asset acquisition that was announced on July 17, 2020 (the transaction formally closed in November 2020).

Overall gross margin was 36,511,456 for the year ended December 31, 2020, compared to $35,969,990 for the year ended December 30, 2019, an increase of 1.5% for the year ended December 31, 2020.

G&A expenses (which includes non-cash share-based compensation expenses, sales and marketing expenses and depreciation and amortization expenses) increased by 8.7% in the year ended December 31, 2020 when compared to the year ended December 31, 2019. The large increase in G&A expenses was a result of increased costs incurred as a result of COVID-19 operating procedures and the expansion of our wholesale and delivery sales channels.

	For the Years ended December, 31		Percentage Change
	2020	2019	
Salaries and wages	$ 9,611,047	$ 6,941,111	38.5%
Executive compensation	1,204,925	874,598	37.8%
Licenses and permits	1,957,183	1,704,755	14.8%
Payroll taxes and benefits	1,971,215	1,531,261	28.7%
Supplies and office expenses	960,456	1,184,401	(18.9)%
Subcontractors	1,569,921	1,272,414	23.4%
Professional fees (legal, audit and other)	2,944,706	2,723,555	8.1%
Miscellaneous general and administrative expenses	4,684,145	4,175,392	12.2%
Share-based compensation expense	2,512,568	25,230,274	(47.9)%
	$ 27,416,166	$ 25,230,274	8.7%

Non-cash, share based payments of $2,512,568 were recognized during the year ended December 31, 2020, a decrease from the $4,822,787 for the year ended December 31, 2019. The decrease can be attributable to the vesting schedule for both RSUs and incentive stock options granted on June 11, 2018 and on June 30, 2019 that vested 1/3 on January 1, 2020 and 1/3 on the first and second anniversary of the grant date. We also granted 50,000 RSUs to an employee on January 1, 2020 that vest 1/3 on the grant date and 1/3 on the first and second anniversary of the grant date. We granted 100,000 options to employees on January 7, 2019, and 22,500 on June 30, 2019, that vest 1/3 on the grant date and 1/3 on the first and second anniversaries of the grant date. We granted 100,000 options to one of our consultants on July 4, 2019, that vested 1/4 on the grant date and 1/4 every three months from the grant date to April 4, 2020 and granted 50,518 RSUs to a consultant on July 3, 2020 for services rendered that vested immediately. The expense represents the recognition over time of the fair market value of incentive options and RSUs that were granted to our employees, consultants, officers and directors. These amounts are non-cash and the expense is recognized in accordance with the vesting schedule of the underlying stock options and RSUs.

Sales and marketing expenses decreased by 49.5% during the year ended December 31, 2020, when compared to the year ended December 31, 2019. The large decrease was a result of the COVID-19 shutdown of the Las Vegas strip resulting in the curtailment of our sales and marketing activities geared towards the tourist customer and a switch to less costly sales and marketing activity that focused on the local customer when compared to the prior year periods. We continued to refine our marketing efforts to optimize marketing spend on initiatives that drive increased customer traffic to the Planet 13 Las Vegas Superstore complex, in light of the phased reopening of the Las Vegas Strip and the Planet 13 Las Vegas Superstore since June 1, 2020, the reopening of the Medizin dispensary in November 2020 and the opening of the Santa Ana dispensary in July 2021.

Lease expense increased by $201,759 or 10.5% for the year ended December 31, 2020, when compared to the prior year as a result of the additional lease expense associated with the acquired WCDN cultivation facility during the in July 2020.

Depreciation and Amortization increased by $1,387,658 or 60.7% for the year ended December 31, 2020, when compared to the prior year as a result of our completing the buildout of Phase II of the Planet 13 Las Vegas Superstore entertainment complex during Q4 2019 and the recording depreciation on the Phase II assets during the year ended December 31, 2020. In addition, we also began recording depreciation on the acquired WCDN cultivation facility during the three months and year ended December 31, 2020.

We conduct our operations in both the United States and Canada holding financial assets in both currencies and incurs expenses in both USD and CAD. On December 31, 2019, the value of the USD was USD$1.00=CAD$1.2998 compared to the value of the USD of USD$1.00=CAD$1.2732 as at December 31, 2020, resulting in our recording realized foreign exchange gains of 398,525 for the year ended December 31, 2020 and a realized foreign exchange loss of $271,240 for the year ended December 31, 2019. It is our policy to not hedge our CAD$ or USD$ exposure.

The large swing in the CAD$/USD$ exchange rate during the year combined with changes in volatility and the trading prices of the listed warrants had a significant impact on the fair market value of the warrant liability recognized by us. The change in the fair market value of the warrants resulted in our recognizing a loss of $16,805,941 during the year ended December 31, 2020, when compared to the loss of $5,541,590 recognized in the year ended December 31, 2019.

We incurred transaction costs of $275,250 during the year ended December 31, 2020, that relates to the issuance of warrants as part of unit financings that were completed during the year.

The income tax provision (combined current and deferred tax provisions) for the year ended December 31, 2020, was $7,106,5166 compared to $7,352,808 for the year ended December 31, 2019. The tax provision decreased due to the decrease in taxable profitability during the year. We are subject to U.S. Federal tax legislation that denies the deduction of certain expenditures for tax purposes that would otherwise be available to non-cannabis-based businesses that results in our being subject to a higher overall tax rate on net income.

Overall net loss after tax for the year ended December 31, 2020, was $25,008,729 compared to a net loss of $12,303,343 for the year ended December 30, 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Expressed in USD$	**Year Ended Dec-31-2019**	**Year Ended Dec-31-2018**	**Percentage Change**
Revenue			
Net revenue	63,595,036	21,166,755	200.4%
Cost of Goods Sold	(27,086,453)	(11,708,639)	131.3%
Gross Profit	**36,508,583**	**9,458,116**	286.0%
Gross Profit Margin %	57.4%	44.7%	
Expenses			
General and Administrative	25,230,274	12,247,055	106%
Sales and Marketing	6,539,483	1,702,841	284.0%
Lease expense	1,912,984	-	n/a
Depreciation and Amortization	2,287,249	400,116	471.6%
Total Expenses	**35,969,990**	**14,350,012**	150.7%
Income (Loss) From Operations	**538,593**	**(4,891,896)**	(111.0)%
Other (Income) Expense:			
Interest Expense, net	27,073	241,860	(88.8)%
Realized Foreign Exchange (gain) loss	271,240	63,634	326.3%
Transaction costs	-	1,932,702	(100.0)%
Change in fair value of warrants	5,541,590	3,579,934	54.8%
Other expense (income)	(350,775)	16,055	(2,284.8)%
Total Other (Income) Expense	**5,489,128**	**5,834,185**	(5.9)%
Income (loss) for the period before tax	**(4,950,535)**	**(10,726,081)**	(53.8)%
Provision for income tax (current and deferred)	7,352,808	1,900,069	287.0%
Income (Loss) for the period	**(12,303,343)**	**(12,626,150)**	(2.6)%
Income (Loss) per share for the period			
Basic and fully diluted income (loss) per share	**$ (0.09)**	**$ (0.13)**	
Weighted Average Number of Shares Outstanding			
Basic and diluted	134,074,476	95,997,827	

We experienced a 200.4% increase in revenue during the year ended December 31, 2019, when compared to the year ended December 31, 2018 (the year ended December 31, 2018, included ten months of activity from our former Medizin dispensary and two months of start-up activity at the Planet 13 Las Vegas Superstore). The results from the prior periods in 2018 represent medical and recreational cannabis sales from our former Medizin dispensary, a premium 2,500 square foot retail cannabis dispensary that was located approximately 5.9 miles from the Planet 13 Las Vegas Superstore cannabis entertainment complex. We experienced revenue growth across all of our cannabis product categories (Flower sales, Concentrates, Edibles, Topicals and Other revenue) for the year ended December 31, 2019, when compared to the prior year.

Details of net revenue by product category are as follows:

	Year Ended 31-Dec-19	Year Ended 31-Dec-18	Percentage Change
Flower	$ 26,145,413	$ 11,749,570	122.5%
Concentrates	19,018,607	6,320,351	200.9%
Edibles	13,470,082	2,282,282	490.2%
Topicals and Other Revenue	4,960,934	814,552	509.0%
Wholesale	-	-	n/a
Net revenue	$ 63,595,036	$ 21,166,755	200.4%

Overall net revenue increased by 200.4% or by $42,428,281 when compared to the year ended December 31, 2018. The increase is due to both increased customer traffic and an increase in the average spend per customer. In addition, the prior year December 31, 2018, only included two months of sales from the Planet 13 Las Vegas Superstore. The average number of daily customer visits was up over 159% in the three months ended December 31, 2019, when compared to the three months ended December 31, 2018. The large increase in daily customer visits during this period was due to the Planet 13 Las Vegas Superstore opening on November 1, 2018, resulting in only 2 months of activity at the Planet 13 Las Vegas Superstore being recorded in the year ended December 31, 2018, with the remaining 10 months of the year coming from the much smaller Medizin dispensary, which closed on October 30, 2021, when we transferred the licenses to the Planet13 Las Vegas Superstore location. For the year ended December 31, 2019, the average number of daily customers increased by 135% when compared to the year ended December 31, 2018, and the average ticket price per customer increased to $91.47 from $70.94 for the year ended December 31, 2018.

Gross Profit margin for the year ended December 31, 2019, was 57.4% compared to a gross profit margin of 44.7% for the year ended December 31, 2018. The increase during the year ended December 31, 2019, is attributable to better pricing on product purchased in the wholesale market during the year ended December 31, 2019 when compared to the year ended December 3, 2018, as well as the additional costs incurred on the purchases of initial ramp-up in inventory product purchases during the stocking of the Planet 13 Las Vegas Superstore for its opening on November 1, 2018. The costs of internal cultivation have continued to trend down as we have improved our yields and cultivation efficiency. In addition, margin enhancement through the creation of internally generated brands, such as TRENDI, Leaf & Vine, HaHa Gummies, Dreamland Chocolate, HaHa Beverages and Medizin branded flower and vape products, has also had a positive impact on gross margins. Our premium cultivation facility was operating near its capacity during the year ended December 31, 2019, as well as the year ended December 31, 2018. The amount of cannabis grown during each period was similar, the price per gram was also similar. The yield for the year ended December 31, 2019, was 140 grams/plant while the yield for the year ended December 31, 2018, was 195 grams per plant. The yield per plant for the year ended December 31, 2019, was negatively impacted by our decision to add additional, movable plant tables to our grow rooms. By adding additional plants, the amount of photo electronic energy each plant received was reduced, thereby reducing yields on a plant-by-plant basis. Consequently, we have explored additional ways to increase the yield, including testing new fertilizers to boost individual plant yields. Harvests during the three months ended December 31, 2019, have generated yields in excess of our historic rate, and 2020 yields showed an improvement over 2019 rates. The amount of cannabis harvested in each of the years ended December 31, 2019, and 2018 was similar.

Overall gross margin increased to $36,508,583 for the year ended December 31, 2019, compared to $9,458,116 for the year ended December 31, 2018, an increase of 286.0%.

G&A expenses (which excludes non-cash share-based compensation expenses, sales and marketing expenses and depreciation and amortization expenses) increased by 112.9% for the year ended December 31, 2019, when compared to the year ended December 31, 2018. The large increase in G&A expenses incurred during the year ended December 31, 2019, when compared to 2018 is attributable to the increase in our overall activity level. A detailed breakdown of G&A expenses is as follows:

	For the Years ended December, 31		Percentage Change
	2019	2018	
Salaries and wages	$ 6,941,111	$ 3,151,509	120.2%
Executive compensation	874,598	553,814	57.9%
Licenses and permits	1,704,755	589,178	189.3%
Payroll taxes and benefits	1,531,261	641,906	138.5%
Supplies and office expenses	1,184,401	1,222,053	(3.1)%
Subcontractors	1,272,414	1,024,175	24.2%
Professional fees (legal, audit and other)	2,723,555	600,877	353.3%
Miscellaneous general and administrative expenses	4,175,392	1,799,864	132.0%
Share-based compensation expense	4,822,787	2,663,679	81.1%
	$ 25,230,274	$ 12,247,055	106.0%

Non-cash share-based payments of $4,822,787 incurred for the year ended December 31, 2019, increased from the $2,663,679 incurred during the year ended December 31, 2018. The increase in the year ended December 31, 2019, can be attributable to the vesting schedule for both RSUs and incentive stock options granted on June 11, 2018, and on June 30, 2019, that vest 1/3 on the initial grant date and 1/3 on the first and second anniversary of the grant date. We also granted 100,000 options to employees on January 7, 2019, and 22,500 on June 30, 2019, that vest 1/3 on the grant date and 1/3 on the first and second anniversaries of the grant date. We granted 100,000 options to one of our consultants on July 4, 2019, that vest 1/4 on the grant date and 1/4 every three months from the grant date to April 4, 2020. The expense represents the recognition over time of the fair market value of incentive options and RSUs that were granted to our employees, consultants, officers and directors on the closing of the RTO on June 11, 2018, as well as incentive RSUs and options granted to directors, officers, consultants and employees on June 30, 2019, options granted to employees on January 7, 2019, and options granted to a consultant on July 4, 2019. These amounts are non-cash and the expense is recognized in accordance with the vesting schedule of the underlying stock options and RSUs.

Sales and marketing expenses increased by 284.0% in the year ended December 31, 2019, when compared to the year ended December 31, 2018. The large increase of $4,836,642 for the year period is a result of marketing efforts to support the corresponding increases in revenue for the same periods. We continued to refine our marketing efforts to optimize marketing spend on initiatives that drive increased customer traffic to the Planet 13 Las Vegas Superstore complex.

Lease expense increased by $1,912,984 for the year ended December 31, 2019, when compared to the prior year as a result of the additional lease expense associated with the Planet 13 Las Vegas Superstore that was opened for the full year when compared to the two months it was open during 2018.

Depreciation and Amortization increased by $1,887,133 for the year ended December 31, 2019, when compared to the year ended December 31, 2018, because of the opening of the Planet 13 Las Vegas Superstore entertainment complex. The prior year ended December 31, 2018, includes Depreciation and Amortization from our significantly smaller Medizin location for 10 months and only two months for the Planet 13 Las Vegas Superstore location compared to a full year of the Planet 13 Las Vegas Superstore location during the year ended December 31, 2019.

Interest expenses recorded in the year ended December 31, 2019, relates to interest incurred on third party debt that was outstanding during the period. Interest expense incurred during the year ended December 31, 2018, related to interest expense on the related party notes that were outstanding in the period. The balance of long-term debt as at December 31, 2019 was $884,000 compared to $928,227 as at December 31, 2018.

We conduct our operations in both the United States and Canada holding financial assets in both currencies and incur expenses in both USD and CAD. On December 31, 2018, the value of the USD was USD$1.00=CAD$1.3642 compared to the value of the USD declining to CAD$1.2998 as at December 31, 2019, resulting in our recording unrealized foreign exchange losses of $770,134 and realized foreign exchange losses of $406,213 for the year ended December 31, 2019 (unrealized foreign exchange gain of $431,402 and realized foreign exchange loss of $442,546 for the year ended December 31, 2018). It is our policy to not hedge our CAD$ or USD$ exposure.

We incurred transaction costs of $1,932,702 during the year ended December 31, 2018, that relate to the issuance of warrants as part of a unit financings that was completed during the year and costs associated with the RTO of Carpinchico Capital Corporation that closed in June 2018.

The large swing in the CAD$/USD$ exchange rate during the year, combined with changes in volatility and the trading prices of the listed warrants had a significant impact on the fair market value of the warrant liability recognized by us. The change in the fair market value of the warrants resulted in us recognizing a loss of $5,541,590 on the change in fair value of the warrants during the year ended December 31, 2019, when compared to the loss of $3,579,934 recognized in the year ended December 31, 2018.

The income tax provision (combined current and deferred) for the year ended December 31, 2019, was $7,352,808 compared to $1,900,069 for the year ended December 31, 2018. The tax provision increased substantially due to the increase in revenue and taxable profitability during the period. We are subject to U.S. Federal tax legislation that denies the deduction of certain expenditures for tax purposes that would otherwise be available to non-cannabis-based businesses that results in our being subject to a higher overall tax rate on net income.

Overall net (loss) after tax for the for the year ended December 31, 2019, was $12,303,343 compared to a net (loss) of $12,626,150 for the year ended December 31, 2018.

Segmented Disclosure

We operate in a single reportable operating segment as a vertically integrated cannabis company with cultivation, production and distribution operations in Nevada, and retail dispensary and distribution operations in California since July 2021.

Financial Position and Liquidity

As at September 30, 2021, our financial instruments consist of cash, accounts payable and accrued liabilities, and sales tax receivables. We have no speculative financial instruments, derivatives, forward contracts, or hedges.

As at September 30, 2021, we had working capital, excluding restricted cash, of $80,539,210 compared to working capital of $81,498,467 as at December 31, 2020.

The following table relates to the nine months ended September 30, 2021, and 2020, and the years ended December 31, 2020, 2019 and 2018:

	Nine Months Ended September 30,		Years Ended December 31,		
	2021	2020	2020	2019	2018
Cash flows provided by operating activities	$ (225,926)	$ 8,755,204	$ (3,688,853)	$ 4,701,020	$ (6,189,556)
Cash flows used in investing activities	$ (14,624,473)	$ (5,787,465)	$ (8,031,458)	$ (16,061,582)	$ (13,313,401)
Cash flows provided by financing activities	$ 64,520,739	$ 40,807,997	$ 77,335,979	$ 5,030,185	$ 38,723,249

Cash Flow from Operating Activities

Net cash used by operating activities was ($225,926) for the nine months ended September 30, 2021, compared to cash provided by operating activities of $8,755,204 for the nine months ended September 30, 2020. The decrease is primarily due to the net changes in non-cash working capital items, included income tax liability, that decreased as a result of cash payments for income taxes during the nine months ended September 30, 2021, when compared to the nine months ended September 30, 2020.

Net cash provided by (used in) operating activities was ($3,688,853) for the year ended December 31, 2020, a decrease of $8,389,873 compared to cash provided by operating activities of $4,701,020 for the year ended December 31, 2019. This is primarily due to changes in non-cash working capital during the period, including a growth in inventory levels, as we ramped the business to support the revenue growth experienced during the year.

Net cash provided by operating activities was $4,701,020 for the year ended December 31, 2019, an increase of $10,890,576, compared to ($6,189,556) used in operations during the year ended December 31, 2018. This is primarily due to the impact of changes in inventory and accounts payable and accrued liabilities related to our growth and expanded product mix, partially offset by our increase in gross profit from operations as a result of the increase in organic growth from a large increase in customers served.

Cash Flow from Investing Activities

Net cash used in investing activities was $14,624.473 for the nine months ended September 30, 2021, compared to net cash used in investing activities of $5,787,465 for the nine months ended September 30, 2020. The increase is due to the build-out of the Planet 13 OC Superstore location and the expansion of the Planet 13 Las Vegas Superstore dispensary floor space and production facility during the nine months ended September 30, 2021.

Net cash used in investing activities was $8,031,458 for the year ended December 31, 2020, a decrease of $8,030,124, compared to the $16,061,582 net cash used in investing activities for the year ended December31, 2019. The decrease is due a smaller number of expansion projects undertaken during the year ended December 31, 2020, when compared to the prior year.

Net cash used in investing activities was $16,061,582 for the year ended December 31, 2019, an increase of $2,748,181, compared to the $13,313,401 net cash used in investing activities for the year ended December 31, 2018. The increase is due to the additional enhancements made to the Planet 13 Las Vegas Superstore location during the Phase II and III buildouts compared to the Phase I buildout that occurred in the year ended December 31, 2018.

Cash Flow from Financing Activities

Net cash provided by financing activities was $64,520,739 for the nine months ended September 30, 2021, compared to net cash provided by financing activities of $40,807,997 for the nine months ended September 30, 2020. The increase was primarily related to an increase in proceeds for the issuance of unit (each unit comprised of one common share and one half of a common share purchase warrant) offering that occurred in the nine months ended September 30, 2021, as well as increased cash proceeds received from the exercise of common share purchase warrants during the period, when compared to the nine months ended September 30, 2020.

Net cash provided by financing activities was $77,335,979 for the year ended December 31, 2020, an increase of $72,305,794, compared to the $5,030,185 net cash provided by financing activities for the year ended December 31, 2019. The increase was primarily related to $48,125,125 in gross proceeds from the issuance of units (each unit comprised of one common share and one half of a common share purchase warrant) that occurred for the year ended December 31, 2020, compared to $0 during the year ended December 31, 2019. In addition, we received cash proceeds of $32,871,439 from the exercise of common share purchase warrants during the year ended December 31, 2020, compared to cash proceeds of $5,030,185 during the year ended December 31, 2019, an increase of $27,841,254.

Net cash provided by financing activities was $5,030,185 for the year ended December 31, 2019, a decrease of $33,693,064 compared to the $38,723,249 net cash provided by financing activities for the year ended December 31, 2018. The decrease was primarily related to the $40,381,022 net proceeds received from the issuance of units (each unit comprised of one common share and one half of a common share purchase warrant) that occurred in the year ended December 31, 2018, compared to $0 during the year ended December 31, 2019. This was partially offset by the $5,030,185 in cash proceeds received from the exercise of common share purchase warrants during the year ended December 31, 2019, compared to cash proceeds of $2,374,253 during the year ended December 31, 2019, an increase of $2,655,932.

Financial Instruments and Risk Management

Financial instrument classification and measurement

Our financial instruments carried on the annual audited consolidated statement of financial position are carried at amortized cost with the exception of cash, which is carried at fair value. There are no significant differences between the carrying value of financial instruments and their estimated fair values as at September 30, 2021 or December 31, 2020, or December 31, 2019, due to the immediate or short-term maturities of the financial instruments.

Fair values of financial assets and liabilities

Our financial instruments include cash, accounts payable and accrued expenses. At September 30, 2021, the carrying value of cash is fair value. Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are included in the amount initially recognized. Accounts payable and other liabilities, notes payable, and notes payable related parties have been classified as other financial liabilities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. It is management's opinion that we are not exposed to significant credit risk arising from these financial instruments. A portion of our revenue utilizes third-party payment platforms. These platforms batch process several days' worth of activity before funds are remitted to us. A failure of such platforms, or the inability of the platform provider to remit funds in a timely manner to us could have a material impact on our financial position. We limit credit risk by entering into business arrangements with high credit-quality counterparties. Thus, the credit risk associated with other receivables is also considered to be negligible.

Interest Rate Risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. We are not exposed to significant interest rate risk.

Currency risk

We operate internationally and are exposed to foreign exchange risk arising from various currency exposures. We primarily operate in Canada and the United States and incur certain expenditures and obtain financing in both Canadian and US dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company or the subsidiary that holds the financial asset or liability. Our risk management policy is to review our exposure to non-US dollar forecast operating costs on a case-by-case basis. The majority of our forecast operating costs are in US dollars and Canadian dollars. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of foreign currency financial assets and liabilities in US dollars as at September 30, 2021, is as follows:

US Dollar amounts of foreign currency assets and liabilities

	Assets	Liabilities
Canadian Dollars	$ 1,466,671	$ 137,890

Based on the financial instruments held as at September 30, 2021, we would have recognized an additional unrealized foreign exchange loss of $169,300 had the US dollar shifted by 10% as a result of foreign exchange effect on translation of non-US dollar denominated financial instruments. As at September 30, 2021, we have no hedging agreements in place with respect to foreign exchange rates. We have not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Liquidity Risk

Prudent liquidity risk management implies maintaining at all times sufficient cash and liquid investments to meet our commitments as they arise. We manage liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. Where insufficient liquidity may exist, we may pursue various debt and equity instruments for short or long-term financing of our operations.

As at September 30, 2021, we had working capital (excluding restricted cash) of $81,498,467 (December 31, 2020 - $81,584,108) and anticipate that revenue from operations will provide sufficient funds to cover all our operating expenditures for the next 12 months and available cash on hand will be sufficient to fund any and all capital expenditure requirements for the build-out of operations in the State of Florida and the State of Illinois over the next 12 months.

Planned expansion of our cultivation facilities, production and manufacturing facilities and retail distribution facilities will require us to raise additional capital from outside sources. We will consider financing alternatives while contemplating minimal shareholder dilution.

Our potential sources of cash flow in the upcoming year will be from the proceeds of the sale of cannabis and cannabis related products and possible equity financings, loans, lease financing and entering into joint venture agreements, or any combination thereof.

Pricing Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

Concentration Risk

We currently operate exclusively in Southern Nevada and Southern California. Should economic conditions deteriorate within those regions, our results of operations and financial position would be negatively impacted.

Capital Resources

We have a recent history of operating losses. It may be necessary for us to arrange for additional financing to meet our on-going growth initiatives.

Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

Capital Management

Our capital consists of shareholders' equity. Our objective when managing capital is to maintain adequate levels of funding to support the development of our businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions. and there can be no assurance we will be able to raise funds in the future. We invest all capital that is surplus to our immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to our approach to capital management during the period. We are not subject to externally imposed capital requirements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of September 30, 2021 and 2020, respectively, or as of the date hereof.

Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires our management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Leases

We apply judgement in determining whether a contract contains a lease and if a lease is classified as an operating lease or a finance lease.

We determine the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate. We have several lease contracts that include extension and termination options. We apply judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, we reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

We are required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. We generally use the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. We determine the incremental borrowing rate as the interest rate we would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Share-based compensation

We use the Black-Scholes valuation model to determine the fair value of options and warrants granted to employees and non-employees under share-based payment arrangements, where appropriate. In instances where equity awards have performance or market conditions, we utilize the Monte Carlo valuation model to simulate the various outcomes that affect the value of the award. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term of the instrument, volatility of our future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date, by reference to the underlying terms of the instrument, and our experience with similar instruments. Changes in assumptions used to estimate fair value could result in materially different results. Refer to Note 13 in our audited consolidated annual financial statements for the year ended December 31, 2020 for further information.

Estimated useful lives and depreciation and amortization of property and equipment, right-of-use asset and intangible assets

Depreciation and amortization of property and equipment, right-of-use assets and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets. Refer to Notes 6 and 7 for further information.

Fair value measurement

We use valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. We base our assumptions on observable data as far as possible, but this is not always available. In that case, we use the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Deferred tax assets and uncertain tax positions

We recognize deferred tax assets and liabilities based on the differences between the Consolidated financial statement carrying amounts and the respective tax bases of our assets and liabilities. We measure deferred tax assets and liabilities using current enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. We routinely evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, we determine that some portion of the tax benefit will not be realized.

In evaluating the ability to recover deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of operations. In projecting future taxable income, we consider historical results and incorporate assumptions about the amount of future pretax operating income adjusted for items that do not have tax consequences. Our assumptions regarding future taxable income are consistent with the plans and estimates that are used to manage our underlying businesses. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income/(loss). The income tax expense, deferred tax assets and liabilities and liabilities for unrecognized tax benefits reflect our best assessment of estimated current and future taxes to be paid. Deferred tax asset valuation allowances and liabilities for unrecognized tax benefits require significant judgment regarding applicable statutes and their related interpretation, the status of various income tax audits and our particular facts and circumstances. Although we believe that the judgments and estimates discussed herein are reasonable, actual results, including forecasted COVID-19 business recovery, could differ, and we may be exposed to losses or gains that could be material. To the extent we prevail in matters for which a liability has been established or is required to pay amounts in excess of the established liability, the effective income tax rate in a given financial statement period could be materially affected.

ITEM 3. PROPERTIES

The following tables set forth our principal physical properties. We believe our existing properties and equipment are in good operating condition and are suitable for the conduct of our business.

Type	Location	Lease/owned
Corporate Properties		
Headquarters, U.S.	Las Vegas, NV	Leased
Business Operation Properties		
Cultivation & Production Facility	Clark County, NV	Leased
Cultivation & Distribution Facility	Clark County, NV	Leased
Cultivation & Production Facility	Nye County, NV	Owned
Dispensary & Production Facility	Clark County, NV	Leased
Dispensary Facility	Clark County, NV	Leased
Dispensary & Distribution Facility	Orange County, CA	Leased
Cultivation & Production Facility	Marion County, FL	Leased

Properties Subject to an Encumbrance. There is a mortgage on one property owned by us in Nye County, Nevada.

Leases

We currently have rights and obligations under the following leases:

1. **Lease 1**: MMDC signed a five-year, triple net lease dated July 22, 2015 for our 4,750 square foot Clark County dispensary location with a rate of US$1.75 per square foot, per month, with the right to extend for two additional terms of five years each.

2. **Lease 2**: MMDC signed a lease starting on August 30, 2014 and ending on December 31, 2034 for the Clark County cultivation and production location, with a monthly rent of US$9,667.67, with the right to extend for two additional terms of five years each. MMDC also entered into a sub-lease at that facility for an additional, approximately 2,000 square feet from the neighboring tenant, with a termination date of December 31, 2034. The landlord was initially an entity owned by Mr. Scheffler, our Co-CEO. That entity subsequently sold the building effective September 26, 2018 and the new owner, an arm's length party, has assumed all the obligations of the former landlord under the terms of the lease.

3. **Lease 3**: MMDC signed a lease dated April 23, 2018 in respect of the Planet 13 Las Vegas Superstore location (the "**Planet 13 Las Vegas Superstore Lease**") for approximately 112,663 square feet of office and warehouse space located at 2548 West Desert Inn Road, Las Vegas, Nevada, on a 9.14 acre parcel for a term of seven years, starting at a base rent of US$0.20 per square foot, per month, and rising to US$0.824 per square foot, per month for the last year of the initial seven year term. MMDC has the right to extend the lease for two additional terms of seven years each.

4. **Lease 4**: MMDC signed a lease dated April 1, 2019 with respect to certain premises located next to the Planet 13 Las Vegas Superstore consisting of a 3,378 square foot building ("**Building 2**"), 32,400 square feet of land immediately adjacent to such building and a license for use of approximately 4.17 acres of land situated immediately adjacent and north of Building 2. The lease is for a term of six years and five months, starting with a base rent of US$8,000 per month for months one to three and US$12,000 per month for months four to 17. MMDC has the right to extend the lease for two additional terms of seven years each. MMDC intends to use Building 2 for general office, warehouse and services use, and the remaining land as parking space that it expects it will need to accommodate our growth plans with respect to the Planet 13 Las Vegas Superstore.

5. **Lease 5**: BLC Management Company, LLC assumed a lease from Warner Management Company at the closing of the Santa Ana Acquisition on May 20, 2020, for 16,263 square feet of office and warehouse space located at 3400 Warner Ave., Units, F, F-2, G and H, commencing December 1, 2018. The lease is for a term of eleven years and six months with a base rent of US$2.00 per square foot, and includes four five-year options to renew. That lease has been subsequently amended to include Units A through H for the retail facility under construction and Units K-M for the distribution facility currently under construction, for a total of 30,001 square feet of office and warehouse space. The lease includes a tenant improvement allowance at US$25.00 per square foot of improvement, and a roof repair/replacement contribution allowance capped at US$112,000.

6. **Lease 6**: On November 25, 2020, MMDC entered into an assignment and assumption agreement with WCDN and RX Land pursuant to which WCDN assigned to MMDC all of WCDN's right, title and interest under the Initial West Bell Lease, which lease agreement was subsequently amended pursuant to an amendment to lease entered into between MMDC and RX Land on November 27, 2020 (the "**Amended West Bell Lease**" and, together with the Initial West Bell Lease, the "**West Bell Lease**"). The West Bell Lease is for a term of 15 years, at a base rent of US$1.66 per square foot, subject to further annual rate increases of 3%, with MMDC having the right to extend the lease for two additional terms of five years each. MMDC is using the space for licensed cultivation and production operations.

7. **Lease 7**: On September 7, 2021, Planet 13 Florida entered into a lease for approximately 9,000 square feet of nursery and warehouse space located in Marion County, Florida. The lease is for a term of one year, with two options to extend the lease for additional terms of one year each, and has a base rent of $6,000.00 per month for the first three months, and $8,500 per month for the remaining term. Planet 13 Florida will maintain this space as the licensed Florida cultivation and production facility until such time as it identifies a more permanent installation to support its expansion plans in Florida.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the expected beneficial ownership of our voting securities as of January 19, 2022 for (i) each member of the Board, (ii) each named executive officer (as defined herein), (iii) each person known to us to be the beneficial owner of more than 5% of our voting securities and (iv) the members of the Board and our executive officers as a group. Beneficial ownership is determined according to the rules of the SEC. Generally, a person has beneficial ownership of a security if the person possesses sole or shared voting or investment power of that security, including any securities that a person has the right to acquire beneficial ownership within 60 days. Except as indicated, all shares of our securities will be owned directly, and the person or entity listed as the beneficial owner has sole voting and investment power. The percentage ownership in the below table is based on 198,687,950 Common Shares outstanding as of January 19, 2022. On May 7, 2021, all of the outstanding Restricted Voting Shares were converted to Common Shares. As a result, there are no Restricted Voting Shares outstanding and we have only one class of outstanding shares, the Common Shares. To our knowledge, except as noted below, no person or entity is the beneficial owner of more than 5% of the Common Shares. The address for each director and executive officer is c/o Planet 13 Holdings Inc., 548 West Desert Inn Road, Suite 100, Las Vegas, Nevada 89109.

	Common Shares	
Name of Beneficial Owner	**Number Beneficially Owned**	**Percent of Total Common Shares**
Larry Scheffler	39,470,205(1)	19.87%
Robert Groesbeck	38,818,935(2)	19.54%
Dennis Logan	183,258(3)	*
Chris Wren	4,256,926(4)	2.14%
Michael Harman	226,602	*
Adrienne O'Neal	137,216	*
All directors and executive officers as a group (9 persons)	83,708,171	42.13%

* Less than one percent.

(1) Beneficial ownership includes 562,500 Common Shares owned by the Scheffler Family Limited Partnership (the "**Partnership**") and 5,000,000 Common Shares owned by Thirteen, LLC ("**Thirteen**") and 33,016,470 Common Shares owned by Scheffler RX LLC. The Partnership, Scheffler RX LLC and Thirteen are entities owned and controlled by Mr. Scheffler. Mr. Scheffler has the sole voting power over 39,470,205 Common Shares, shared voting power over no Common Shares, sole dispositive power over 39,470,205 Common Shares and shared dispositive power over no Common Shares.

(2) Beneficial ownership includes 30,413,176 Common Shares owned by RAG Holdings LLC ("**RAG**") and 7,603,294 Common Shares owned by PRMN Investments, LLC ("**PRMN**"). RAG and PRMN are entities owned and controlled by Mr. Groesbeck. Mr. Groesbeck has the sole voting power over 38,818,935 Common Shares, shared voting power over no Common Shares, sole dispositive power over 38,818,935 Common Shares and shared dispositive power over no Common Shares.

(3) Beneficial ownership includes 56,887 Common Shares owned securities through his registered retirement savings plan. Mr. Logan has the sole voting power over 183,528 Common Shares, shared voting power over no Common Shares, sole dispositive power over 183,528 Common Shares and shared dispositive power over no Common Shares.

(4) Beneficial ownership includes 4,037,000 Common Shares owned by 4 Degrees Higher LLC ("**4 Degrees**"). 4 Degrees is an entity owned and controlled by Mr. Wren. Mr. Wren has the sole voting power over 4,256,926 Common Shares, shared voting power over no Common Shares, sole dispositive power over 4,256,926 Common Shares and shared dispositive power over no Common Shares.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

The articles of the Company (the "**Articles**") provide that the number of directors should not be fewer than three directors. Each director shall hold office until the close of our next annual general meeting, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. Our Board currently consists of four directors.

The following table sets forth our directors and executive officers and their respective positions:

Name	Age	Position
Robert Groesbeck	60	Director, Co-Chairman and Co-CEO
Larry Scheffler	71	Director, Co-Chairman and Co-CEO
Michael Harman	49	Director
Adrienne O'Neal	62	Director
Dennis Logan	54	Chief Financial Officer
Leighton Koehler	43	General Counsel
Chris Wren	39	Vice President Operations
William Vargas	62	Vice President Finance
David Farris	27	Vice President Sales and Marketing

Director and Executive Officer Biographies

Robert Groesbeck has served as Co-CEO and a director of the Company since June 2018. Prior to that, Mr. Groesbeck served as Co-President of MMDC, a subsidiary of the Company, from 2014 to June 2018. Mr. Groesbeck also serves as General Counsel and Advisor to C&S Waste Solutions, a provider of comprehensive solid waste and recycling services, since 2013. He has practiced law for over 25 years and has also served as the mayor of the City of Henderson, Nevada from 1993 to 1997. Mr. Groesbeck earned his B.S. in Criminal Justice from the University of Nevada, a M.B.A. from National University and a J.D. from Western Michigan University.

We believe that Mr. Groesbeck's experience as a long-time entrepreneur, starting and/or assisting in the creation of a number of businesses, qualifies him to serve on the Board.

Larry Scheffler has served as Co-CEO and a director of the Company since June 2018. Prior to that, Mr. Scheffler served as Co-President of MMDC, a subsidiary of the Company, from 2014 to June 2018. He is also the Chairman and Founder of Las Vegas Color Graphics, Inc., a privately owned commercial printing company, where he has served since 1978. Mr. Scheffler has also served as a councilman for the city of Henderson, Nevada from 1990 to 1995. Mr. Scheffler has also served as a commissioner on six major commissions in Southern Nevada government and has an extensive background in real estate. He has founded and is managing director of entities controlling over 1,000 acres in three states that are under some form of development.

We believe that Mr. Scheffler's broad management experience and past success with guiding the growth of the Company qualifies him to serve on the Board.

Michael Harman, CPA, has been a director of the Company since June 2018. He is the Managing Partner and senior audit partner with HRP CPAs, a certified public accounting and consulting firm, since July 2016. Prior to that, Mr. Harman was a Partner at LLB CPAs from 1998 to June 2016. He holds FINRA series 27 and 63 licenses, serves as Financial Operations Principal for a Broker Dealer in Las Vegas, is a member of the American Institute of Certified Public Accountants, the Turnaround Management Association and the Nevada Society of Certified Public Accountants and is a CPA licensed in the State of Nevada.

We believe that Mr. Harman is qualified to serve on the Board due to his extensive accounting experience and his familiarity in working with management of a variety of companies in his role as a CPA.

Adrienne O'Neal has been a director of the Company since June 2019. She has been the owner of Las Vegas Counselor LLC since 2004, where she provides marriage and family therapy services, and she is also the co-owner of Red Rock Counseling, a private practice agency which includes licensed therapists and training for pre-licensed graduate students since December 2018. Prior to 2004, Ms. O'Neal was an Account Manager at R&R Partners, an advertising, marketing, public relations, and public affairs firm, for 13 years between 1984 to 2004. From June 2017 to February 2021, Ms. O'Neal was appointed by former State of Nevada Governor Brian Sandoval and served on the Nevada State Board of Marriage & Family Therapy and Clinical Professional Counselors. Ms. O'Neal has also served as a part-time instructor at the University of Nevada, Las Vegas School of Medicine's Marriage and Family Therapy Graduate Program, where she has served since January 2017. Ms. O'Neal has passed the Series 7 exam, which measures the degree to which a candidate possesses the knowledge needed to perform the critical functions of a general securities representative, including sales of corporate securities, municipal securities, investment company securities, variable annuities, direct participation programs, options and government securities, administered by the Financial Industry Regulatory Authority. She holds a B.S. in Marketing and a M.S. in Marriage and Family Therapy degree from the University of Nevada.

We believe that Ms. O'Neal's expertise in securities matters and her background in a variety of types of business qualifies her to serve on the Board.

Dennis Logan has served as Chief Financial Officer of the Company since June 2018. He is currently the part-time Chief Financial Officer of BTU Metals Corp. (TSX-V: BTU), a junior exploration company, since August 2017, and is the part-time Chief Financial Officer or Sterling Metals Corp. (TSX-V: SAG), a mineral exploration company, since September 2017. Previously, Mr. Logan was the Chief Financial Officer, Director and Corporate Secretary of Almonty Industries Inc., a publicly traded tungsten mining and processing company (TSX-V: AII), from September 2011 until March 2017. Mr. Logan was also the Chair of the Audit Committee of Magna Terra Minerals Inc. (TSX-V: MTT), a precious metals focused exploration company, from September 2017 until May 2021. From June 2015 until April 2018, he served as the Chairman of the Audit Committee of Eurocontrol Technics Group Ltd. (TSX-V: EUO), a detection and marking systems developer. Mr. Logan started his career in finance and accounting at Ernst & Young LLP in 1992.

Leighton Koehler has been the General Counsel of the Company since June 2018. Mr. Koehler is a licensed attorney and CPA, whose previous experience includes working at Dickinson Wright, a U.S.-Canada law firm, as a transactional and tax attorney from October 2016 to May 2018, regional and local law firms Fabian VanCott and Gerrard Cox Larsen from 2013 through October 2016, the Internal Revenue Service as a senior revenue agent from 2007 to 2013, and at Ernst & Young in both the audit and tax divisions from 2004 to 2007. He holds a B.A. and M.A. in Accounting from Southern Utah University, a J.D. from the Boyd School of Law, and he is a U.S. Army veteran. Prior to joining the Company, Mr. Koehler successfully represented his Fortune 500 company clients and other clients before federal, state, and local regulators, and served as Nevada counsel for the Company's reverse take-over transaction.

Chris Wren has been the Vice President Operations of the Company since March 2014 and is responsible for the oversight of all production and cultivation operations. He possesses more than 16 years of cannabis industry cultivation and extraction experience. Mr. Wren also managed the construction of the Company's dispensary, the Clark County cultivation facility and the Beatty complex, as well as design and implementation of the Company processes at those facilities. Mr. Wren is an internationally recognized cannabis horticulturist and has won several awards for his cultivation efforts, including first place in the 2015 International Cannagraphic Growers Cup.

William Vargas has been the Vice President Finance of the Company since June 2018. He currently serves as Chief Financial Officer and Senior Vice President of Las Vegas Color Graphics, Inc., a privately owned commercial printing company, since July 2000. Previously, Mr. Vargas served as Vice President Finance, Chief Financial Officer and Corporate Secretary of LEC Technologies, Inc., a publicly-traded computer leasing company, from 1995 to 2000. Mr. Vargas started his career in finance and accounting as audit manager with Arthur Andersen & Co. in 1995.

David Farris has been Vice President Sales & Marketing of the Company since December 2019. Prior to that, he was the Company's Director of Sales and Marketing from June 2018 through December 2019, MMDC's Director of Sales and Marketing from October 2017 through June 2018, MMDC's General Manager from June 2017 through October 2017, and MMDC's Marketing and Sales Coordinator from January 2016 through June 2017. Mr. Farris has established branding and advertising initiatives in the cannabis marketplace focused on creating an unparalleled experience and patient education. Mr. Farris oversees a multidisciplinary sales and marketing team responsible for advertising, events, promotions, product packaging, design, and web development/design. In addition to creative efforts, he currently oversees the operations at three dispensaries in Nevada and California, including adult-use and medical sales, and wholesale sales in Nevada. Mr. Farris holds a B.S. in Business Administration – Marketing from University of Nevada.

Board Committees

We currently have an audit committee, compensation committee and a corporate governance and nominating committee. A brief description of each committee is set out below.

Audit Committee

The audit committee of the Board (the "**Audit Committee**") assists the Board in fulfilling its responsibilities for oversight of financial, audit and accounting matters. The Board has adopted a written charter for the Audit Committee, which sets out the Audit Committee's responsibilities. The Audit Committee reviews the financial reports and other financial information provided by us to regulatory authorities and our shareholders, as well as reviews our system of internal controls regarding finance and accounting, including auditing, accounting and financial reporting processes. The current members of the Audit Committee include the following directors: Michael Harman (Chair), Adrienne O'Neal and Larry Scheffler.

Compensation Committee

The compensation committee of the Board (the "**Compensation Committee**") assists the Board in fulfilling its responsibilities for compensation philosophy and guidelines. The Compensation Committee also has responsibility for fixing compensation levels for our executive officers. In addition, the Compensation Committee is charged with reviewing our incentive plans and proposing changes thereto, approving any awards of options under our incentive plans and recommending any other employee benefit plans, incentive awards and perquisites with respect to our executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the Board annually (or more frequently as required) on our succession plans for our executive officers. The current members of the Compensation Committee include the following directors: Michael Harman and Adrienne O'Neal (Chair).

For additional details on the Compensation Committee, see Item 6—"Compensation Committee."

Corporate Governance and Nominating Committee

The corporate governance and nominating committee (the "**CG&N Committee**") assists us in fulfilling our corporate governance responsibilities under applicable law and is responsible for reviewing and assessing the effectiveness of the Board, evaluating the Board and its directors and making policy recommendations aimed at enhancing Board effectiveness. In addition to assisting us with the recruitment and education of new and current directors, the CG&N Committee reports to the Board to assist us in identifying and recommending individuals qualified to become members of the Board and evaluating the Board and its directors. The current members of the CG&N Committee include the following directors: Michael Harman and Adrienne O'Neal (Chair).

ITEM 6. EXECUTIVE COMPENSATION

In accordance with reduced disclosure rules applicable to emerging growth companies as set forth in Item 402 of Regulation S-K, this section explains how our compensation program is structured for the co-CEOs and NEOs, as defined below.

Compensation Committee

The Board as a whole determines the level of compensation in respect of our senior executives. The Compensation Committee is appointed by and reports to the Board. The Compensation Committee, on behalf of the Board, establishes policies with respect to the compensation of our Co-CEOs, CFO and other senior executive officers. The Compensation Committee assists the Board in discharging the Board's oversight responsibilities relating to the attraction, compensation, evaluation and retention of key senior management employees, and in particular the Co-CEOs, with the skills and expertise needed to enable us to achieve our goals and strategies at fair and competitive compensation and appropriate performance incentives.

The Compensation Committee is responsible to review and approve corporate goals and objectives relevant to the Co-CEOs and other senior executive officers' compensation, evaluate the performance of the Co-CEOs and each senior executive officer's performance in light of those goals and objectives, and recommend to the Board for approval the compensation level each senior executive officer based on this evaluation. The Compensation Committee is also responsible for the review of our compensation systems in order to ensure the fairness and appropriateness of the compensation of senior executive officers that may participate, including incentive compensation plans and equity-based plans.

Named Executive Officers

For the purpose of this registration statement, a named executive officer ("**NEO**") of the Company means each of the following individuals:

- each co-CEO of the Company;
- the two most highly compensated executive officers other than the Co-CEOs who were serving as executive officers at the end of the last completed fiscal year; and
- up to two additional individuals for whom disclosure would have been provided under the above but for the fact that the individual was not serving as an executive officer at the end of the last completed fiscal year.

For the year ended December 31, 2021, we had four NEOs: Robert Groesbeck, Co-CEO, Larry Scheffler, Co-CEO, Dennis Logan, Chief Financial Officer, and Chris Wren, Vice-President, Operations.

Elements of Compensation

In determining such compensation, the Compensation Committee will consider our performance and relative shareholder return and the compensation of CEOs and other senior executive officers at comparable companies. Additionally, the Compensation Committee may consider input from the Co-CEOs on senior executive compensation, but the Co-CEOs may not provide input with respect to their own compensation.

A combination of fixed and variable compensation is used to motivate executives to achieve overall company goals. The basic components of the executive compensation program are:

1. *Base Salary.* Base salary is the fixed portion of each executive officer's total compensation. It is designed to provide income certainty and retain executives. In determining the base level of compensation for the executive officers, weight is placed on the following objective factors: the particular responsibilities related to the position; salaries or fees paid by companies of similar size in the industry; level of experience and expertise; and subjective factors such as leadership, commitment and attitude.

2. *Short-Term Incentive Compensation*. The short-term incentive compensation is intended to reward an executive officer for his or her yearly individual contribution and performance of personal objectives in the context of our overall annual performance. The short-term incentive compensation is designed to motivate executives annually to achieve their predetermined objectives. In determining compensation and, in particular, short-term incentive compensation, the Compensation Committee and the Board consider factors over which the executive officer can exercise control, such as their role in identifying and completing acquisitions and integrating such acquisitions into our business, meeting any budget targets established by controlling costs, taking successful advantage of business opportunities and enhancing our competitive and business prospects.

3. *Stock Options*. Stock options are a form of long-term equity incentive compensation granted from time to time to align executives' interests with those of the Company and its shareholders and reward executives for their contribution to the creation of shareholder value. Participants benefit only if the market value of our Common Shares at the time of the stock option exercise is greater than the exercise price of the stock options at the time of grant. In establishing the number of stock options that may be granted, reference is made to the recommendations made by the Compensation Committee as well as, from time to time, the number of similar awards granted to officers and directors of other publicly-traded companies of similar size in the same business as us. The Compensation Committee and the Board also consider previous grants of stock options and the overall number of stock options that are outstanding relative to the number of outstanding securities in determining whether to make any new grants and the size and terms of any such grants. With respect to executive officers, the Compensation Committee and the Board also consider the level of effort, time, responsibility, ability, experience and level of commitment of the executive officer in determining the level of long-term equity incentive awards. With respect to directors, the Compensation Committee and the Board also consider committee assignments and committee chair responsibilities, as well as the overall time requirements of the Board members in determining the level of long-term equity incentive awards.

4. *Restricted Share Units*. Restricted Share Units are a form of long-term equity incentive compensation granted from time to time to align executives' interests with those of the Company and its shareholders and to attract and retain executives. Restricted Share Units are notional shares that have the same value as Common Shares and earn dividend equivalents as additional units, at the same rate as dividends paid on Common Shares. No dividend equivalents will vest unless the associated Restricted Share Units also vest. In determining new grants of Restricted Share Units, the Compensation Committee and the Board consider factors similar to those contemplated when making new grants of stock options.

It is expected that stock options and Restricted Share Units held by management will be taken into consideration by the Compensation Committee at the time of any subsequent grants under the compensation plan in determining the amount or terms of any such subsequent award grants. The Compensation Committee will further consider the base salary, bonuses and competitive market factors. The size of a grant of an award is anticipated to be proportionate to the deemed ability of the individual to make an impact on our success, as determined by the Board.

We do not have a defined benefits plan, defined contribution plan, deferred compensation or pension or retirement plan applicable to our NEOs and no plans are currently in place in respect of change of control or termination.

Summary Compensation Table

The following table is a summary of annual compensation paid, or recognized as an expense in accordance with Accounting Standards Codification ("**ASC**") Topic 718 (Compensation – Stock Compensation), to the NEOs for our two most recently completed fiscal years, December 31, 2021 and December 31, 2020. All amounts are expressed in US Dollars:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock awards ($)(1)	Option awards ($)	Non-equity incentive plan compensation ($)	Non-qualified deferred compensation earnings ($)	All other compensation ($)(2)	Total ($)
Larry Scheffler	2021	492,918(3)	-	5,472,785	-	492,000(4)	-	29,162(5)	6,486,865
Co-Chief Executive Officer	2020	280,062	-	-	-	28,800	-	16,985(5)	333,785
Robert Groesbeck	2021	492,918(3)	-	5,472,785	-	492,000(4)	-	37,698(6)	6,495,401
Co-Chief Executive Officer	2020	288,000	-	-	-	28,800	-	17,106(6)	333,906
Dennis Logan	2021	300,000	-	2,030,402	-	155,520(4)	-	22,496(7)	2,508,418
Chief Financial Officer	2020	200,000	-	-	-	20,000	-	12,523(7)	232,523
Chris Wren	2021	409,154(3)	-	3,045,606	-	241,032(4)	-	37,164(8)	3,732,956
Vice-President, Operations	2020	240,000	-	-	-	24,000	-	35,492(8)	299,492

Notes:

(1) The amounts reported in the Stock Awards column reflects the aggregate grant date fair value computed in accordance with ASC Topic 718 (Compensation – Stock Compensation). These amounts reflect our calculation of the value of these awards at the grant date and do not necessarily correspond to the actual value that may ultimately be realized by the named executive officer. Assumptions used in the calculation of these amounts are included in Note 13 to our audited consolidated financial statements for the fiscal year ended December 31, 2020. The values provided in this column are calculated based on the closing price of our Common Shares on the CSE on the date of grant. For 2021, a share price of CAD$8.12 converted to USD using the exchange rate provided by the Bank of Canada on the grant date of USD$1.00 = CAD$1.2519.

(2) The values provided for Mr. Logan in this column are converted to US Dollars using the average exchange rate for the year indicated as provided by the Bank of Canada. For 2020 USD$1.00=CAD$1.3415 and for 2021 USD$1.00= CAD$1.2535.

(3) Reflects actual base salary earnings for 2021 due to payroll timing.

(4) The amounts listed for 2021 non-equity incentive compensation plan are amounts accrued for 2021 and are subject to change pending the completion of the audited financial statements for the year ended December 31, 2021.

(5) The amounts consist of car allowance ($23,296 for 2021 and $16,985 for 2020) and health benefits ($5,866 for 2021 and $0 for 2020).

(6) The amounts consist of car allowance ($15,704 for 2021 and $1,800 for 2020) and health benefits ($21,994 for 2021 and $15,306 for 2020).

(7) The amounts consist of car allowance ($14,880 for 2021 and $5,367 for 2020) and health benefits ($7,616 for 2021 and $7,156 for 2020).

(8) The amounts consist of car allowance ($15,170 for each of 2021 and 2020) and health benefits ($21,994 for 2021 and $20,322 for 2020).

Narrative Discussion

For a summary of the significant terms of each NEO's employment agreement or arrangement, please see below under the heading "Employment Agreements and Termination and Change of Control Benefits".

Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth outstanding equity awards for the NEOs at December 31, 2021. All amounts are expressed in US Dollars:

	Option Awards					Stock Awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised option (#) unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares of units of stock that have not vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)(1)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)(2)
Robert Groesbeck	-	-	-	-	-	-	-	562,511	1,659,407
Larry Scheffler	-	-	-	-	-	-	-	562,511	1,659,407
Dennis Logan	-	-	-	-	-	-	-	208,691	615,638
Chris Wren	-	-	-	-	-	-	-	313,037	923,459

Notes:

(1) For each named executive officer 50% of the listed incentive awards will vest on December 1, 2022, and 50% will vest on December 1, 2023.

(2) Based on the closing share price of the Common Shares as traded on the CSE on December 31, 2021 of CAD$3.74 at an exchange rate of USD$1.00 = CAD$1.2678.

Employment Agreements and Termination and Change of Control Benefits

Summary of Employment Agreements

Larry Scheffler

In June 2018, we entered into an employment agreement with Larry Scheffler, our Co-CEO, for an initial term of five years. The agreement provides for payment of an annual base salary to Mr. Scheffler, which for the fiscal year ended December 31, 2021 was USD$500,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Scheffler is also entitled to receive other benefits and perquisites, including participation in our benefit plans, an annual bonus, performance bonuses and participation in our stock option plan, approved by the Board on May 22, 2018 (the "**Stock Option Plan**") and other equity plans in effect from time to time. If Mr. Scheffler's employment is terminated by us with "cause" or by Mr. Scheffler without "good reason" (as such terms are defined in the agreement), we will pay Mr. Scheffler any accrued but unpaid base salary, accrued but unused vacation and any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date of termination, except in the event Mr. Scheffler's employment is terminated by us for cause in which case any such accrued but unpaid annual bonus shall be forfeited. If Mr. Scheffler's employment is terminated by us without cause or by Mr. Scheffler for good reason, including upon the change of control of the Company, we will, for the duration of the remaining term of the agreement, continue to pay Mr. Scheffler his base salary and continue to provide him with health care benefits at a substantially similar level to the benefits provided to him while he was employed by us. In addition, Mr. Scheffler shall be paid any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date of termination and all outstanding equity incentive awards granted to him would fully vest on the date of such termination of employment. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favor of the Company. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of Mr. Scheffler's employment. In March 2021, we entered into an amendment to the employment agreement with Mr. Scheffler extending the term through December 31, 2025.

Robert Groesbeck

In June 2018, we entered into an employment agreement with Robert Groesbeck, our Co-CEO, for an initial term of five years. The agreement provides for payment of an annual base salary to Mr. Groesbeck, which for the fiscal year ended December 31, 2021 was USD$500,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Groesbeck is also entitled to receive other benefits and perquisites, including participation in our benefit plans, an annual bonus, performance bonuses and participation in the Stock Option Plan and other equity plans in effect from time to time. If Mr. Groesbeck's employment is terminated by us with "cause" or by Mr. Groesbeck without "good reason" (as such terms are defined in the agreement), we will pay Mr. Groesbeck any accrued but unpaid base salary, accrued but unused vacation and any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date of termination, except in the event Mr. Groesbeck's employment is terminated by us for cause in which case any such accrued but unpaid annual bonus shall be forfeited. If Mr. Groesbeck's employment is terminated by us without cause or by Mr. Groesbeck for good reason, including upon the change of control of the Company, we will, for the duration of the remaining term of the agreement, continue to pay Mr. Groesbeck his base salary and continue to provide him with health care benefits at a substantially similar level to the benefits provided to him while he was employed by us. In addition, Mr. Groesbeck shall be paid any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date of termination and all outstanding equity incentive awards granted to him would fully vest on the date of such termination of employment. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favor of the Company. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of Mr. Groesbeck's employment. In March 2021, we entered into an amendment to the employment agreement with Mr. Groesbeck extending the term through December 31, 2025.

Dennis Logan

In June 2018, we entered into an employment agreement with Dennis Logan, our Chief Financial Officer, which agreement was amended in January 2019, for an initial term of five years. The amended agreement provides for payment of an annual base salary to Mr. Logan, which for the fiscal year ended December 31, 2021 was USD$300,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Logan is also entitled to receive other benefits and perquisites, including participation in our benefit plans, an annual bonus, performance bonuses and participation in the Stock Option Plan and other equity plans in effect from time to time. If Mr. Logan's employment is terminated by us with "cause" or by Mr. Logan without "good reason" (as such terms are defined in the agreement), we will pay Mr. Logan any accrued but unpaid base salary, accrued but unused vacation and any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date of termination, except in the event Mr. Logan's employment is terminated by us for cause in which case any such accrued but unpaid annual bonus shall be forfeited. If Mr. Logan's employment is terminated by us without cause or by Mr. Logan for good reason, including upon the change of control of the Company, we will, for a period of 18 months from the date of termination, continue to pay Mr. Logan his base salary and continue to provide him with health care benefits at a substantially similar level to the benefits provided to him while he was employed by us. In addition, Mr. Logan shall be paid any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date of termination and all outstanding equity incentive awards granted to him would fully vest on the date of such termination of employment. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favor of the Company. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of Mr. Logan's employment.

Chris Wren

In June 2018, we entered into an employment agreement with Chris Wren, our Vice President, Operations, for an initial term of five years. The agreement provides for payment of an annual base salary to Mr. Wren, which for the fiscal year ended December 31, 2021 was $415,000 (subject to any further increases as may be approved by the Compensation Committee). Mr. Wren is also entitled to receive other benefits and perquisites, including participation in our benefit plans, an annual bonus, performance bonuses and participation in the Stock Option Plan and other equity plans in effect from time to time. If Mr. Wren's employment is terminated by us with "cause" or by Mr. Wren without "good reason" (as such terms are defined in the agreement), we will pay Mr. Wren any accrued but unpaid base salary, accrued but unused vacation and any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date of termination, except in the event Mr. Wren's employment is terminated by us for cause in which case any such accrued but unpaid annual bonus shall be forfeited. If Mr. Wren's employment is terminated by us without cause or by Mr. Wren for good reason, including upon the change of control of the Company, we will, for the duration of the remaining term of the agreement, continue to pay Mr. Wren his base salary and continue to provide him with health care benefits at a substantially similar level to the benefits provided to him while he was employed by us. In addition, Mr. Wren shall be paid any earned but unpaid annual bonus with respect to any completed calendar year immediately preceding the date of termination and all outstanding equity incentive awards granted to him would fully vest on the date of such termination of employment. The employment agreement also provides for, among other things, confidentiality, non-solicitation and non-competition covenants in favor of the Company. The non-solicitation and non-competition covenants apply during the term of employment and for 12 months following resignation or the termination of Mr. Wren's employment. In March 2021, we entered into an amendment to the employment agreement with Mr. Wren extending the term through December 31, 2025.

Director Compensation Table

We do not provide separate or additional compensation to directors who are also executives in connection with their services as a director. We adopted a director compensation plan effective January 1, 2021 which provides for the payment of annual base fees to non-employee directors of $100,000 each that is payable quarterly in arears. Other than as set out in the table below and prior to January 1, 2021, no non-employee director has received compensation pursuant to:

(a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;

(b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or

(c) any arrangement for the compensation of directors for services as consultants or experts.

The following table sets forth all compensation paid to or earned, or recognized as an expense in accordance ASC Topic 718, by each non-employee director during our fiscal year ended December 31, 2021. All amounts are expressed in US Dollars:

Name	Fees Earned or paid in cash($)	Stock awards ($)(1)	Option awards ($)	Non-equity incentive plan compensation ($)	Nonqualified deferred compensation earnings ($)	All Other Compensation ($)	Total ($)
Michael Harman	100,000	1,352,250	-	-	-	-	1,452,250
Adrienne O'Neal	100,000	1,352,250	-	-	-	-	1,452,250

Notes:

(1) The values provided in this column are calculated based on the closing price of our Common Shares on the CSE on the date of grant converted to US Dollars using the exchange rate provided by the Bank of Canada on the grant date. As of December 31, 2021 (a) Mr. Harman had an aggregate of 226,602 Common Shares and 138,989 RSUs outstanding, and (b) Ms. O'Neal had an aggregate of 137,216 Common Shares and 138,989 RSUs outstanding.

Compensation Committee Interlocks and Insider Participation

During 2021, our Compensation Committee members were Adrienne O'Neal (Chair) and Michael Harman, neither of whom currently is, or formerly was, an officer or employee of the Company. None of our executive officers served as a member of the Board or Compensation Committee of any other company that had one or more executive officers serving as a member of our board of directors or Compensation Committee.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE

Transactions with Related Persons

The following is a description of each transaction since January 1, 2018 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or an affiliate or immediate family member of the foregoing persons, had or will have a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions to which we have been or will be a party other than compensation arrangements, which are described where required under the section entitled "Executive Compensation" and "Director Compensation Table."

Clark Country Cultivation Facility Lease

Prior to September 2018, we leased approximately 15,000 square feet of office and production space for our Clark County Cultivation facility from a limited partnership controlled by Larry Scheffler, co-CEO of the Company. On September 26, 2018, the property was acquired by an arm's length third party. Related-party rents paid under this lease for the year ended December 31, 2018 equaled $384,010.

Office Space Sublease and Storage Space

We sub-let approximately 2,000 square feet of office space and purchase certain printed marketing collateral and stationery items from a company owned by Larry Scheffler, one of our co-CEOs. Amounts paid to such company for rent for the nine months ended September 30, 2021, equaled $16,027 and for the years ended December 31, 2020, 2019 and 2018 equaled $24,040, $24,040 and $24,040, respectively. Amounts paid for printed marketing collateral and stationery items for the nine months ended September 30, 2021, equaled $382,264 and for the years ended December 31, 2020, 2019 equaled $170,009, $279,457 and $8,769 respectively. As at September 30, 2021, there was $76,747 included in accounts payable that was owed to this related party.

From November 2020 to April 2021, we leased a 25,000 square foot cultivation facility from an entity owned by both our Co-CEOs. Rents paid for this facility for the nine months ended September 30, 2021 equaled $301,894. For the year ended December 31, 2020, equaled $339,688; $0 for the years ended December 31, 2019 and 2018 respectively.

2018 Financings

Prior to 2018, MMDC was largely financed by its founders Robert Groesbeck and Larry Scheffler, and companies controlled by them, through a combination of cash contributions classified as debt with accrued interest exceeding US$6,600,000 and reinvestment of operating proceeds.

On January 1, 2018, Messrs. Groesbeck and Scheffler converted an aggregate of US$3,334,304 of their controlled entity debts to equity in MMDC and Chris Wren, Vice President of Operations of MMDC, contributed valuable intellectual property, including genetic strains, cultivation processes, and manufacturing processes, to MMDC in return for a 6% interest in MMDC. The foregoing resulted in MMDC issuing to such persons, in the aggregate, 25,300 class A common voting shares of MMDC and 49,700,000 class B common non-voting shares of MMDC which were subsequently converted into 25,300,000 Common Shares and 49,700,000 Restricted Voting Shares, respectively, on closing of the Business Combination.

On June 20, 2018, Messrs. Groesbeck and Scheffler, through controlled companies, converted an aggregate of approximately US$3.4 million principal amount and accrued interest of unsecured promissory notes of the Company held by them into an aggregate of 5,532,940 Restricted Voting Shares, or 2,766,470 Restricted Voting Shares each, at a conversion price of C$0.80 per Restricted Voting Share. On October 15, 2015, an original member of MMDC, Ollehea, LLC, requested that MMDC repurchase its interest as allowed under an operating agreement then in effect. Consequently, the remaining members of MMDC at the time agreed to issue promissory notes to Ollehea LLC on behalf of MMDC in the amount of US $101,997 each to satisfy the repurchase requirement. The notes were repaid by us on July 9, 2018.

WCDN Acquisition

Concurrent with the first closing of the WCDN Acquisition previously described herein, RX Land, an entity that was owned by our Co-CEOs, acquired the WCDN Acquisition Facility for US$3.3 million and entered into Initial West Bell Lease. In accordance with the terms of the WCDN Asset Acquisition Agreement and approvals by our independent directors, WCDN assigned the Initial West Bell Lease to MMDC on November 25, 2020, and MMDC subsequently entered into an amending agreement with RX Land on November 27, 2020, to amend certain terms of such lease agreement including increasing the lease payments, extending the duration of the lease and, if desired, allowing for second floor installation by MMDC without a corresponding lease rate increase due to an increase in facility size. In April 2021, RX Land was sold to an arm's length third party.

Related Person Transaction Policy

We have adopted a written related person transactions policy that provides that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our voting securities, and any members of the immediate family of the foregoing persons, are not permitted to enter into a material related person transaction with us without the review and approval of our audit committee. The policy provides that any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of our common stock or with any of their immediate family members or affiliates in which the amount involved exceeds $120,000 will be presented to our audit committee for review, consideration and approval, subject to exceptions for certain transaction for which there is standing pre-approval as described in the policy, including for employment of executive officers and director compensation. In approving or rejecting any such proposal, our audit committee shall take into account, among other factors it deems appropriate, (i) whether the transaction was undertaken in our ordinary course of business, (ii) whether the transaction was initiated by us, a subsidiary of us, or the related person, (iii) whether the transaction is proposed to be, or was, entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party, (iv) the purpose of, and the potential benefits to us of, the transaction, (v) the approximate dollar value of the amount involved in the transaction, particularly as it relates to the related person, (vi) the related person's interest in the transaction and (vii) any other information regarding the transaction or the related person that would be material to investors in light of the circumstances of the particular transaction.

Promoters

Robert Groesbeck and Larry Scheffler, the co-CEOs, co-Chairmen and each a director of the Company, are promoters of the Company. As of January 19, 2022: (i) Mr. Groesbeck owns, or controls or directs, directly or indirectly, a total of 38,818,935 Common Shares, and 562,510 RSUs, representing in the aggregate 18.73% of the equity of the Company on a fully diluted basis; and (ii) Mr. Scheffler owns, or controls or directs, directly or indirectly, a total of 39,470,205 Common Shares and 562,510 RSUs, representing in the aggregate 19.04% of the equity of the Company on a fully diluted basis.

Director Independence

Our board of directors is composed of two "independent directors" as defined under the rules of Nasdaq. We use the definition of "independence" of Nasdaq to make this determination. Nasdaq Listing Rule 5605(a)(2) provides that an "independent director" is a person other than an officer or employee of the Company or any other individual having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Nasdaq listing rules provide that a director cannot be considered independent if:

- the director is, or at any time during the past three (3) years was, an employee of the company;
- the director or a family member of the director accepted any compensation from the company in excess of $120,000 during any period of twelve (12) consecutive months within the three (3) years preceding the independence determination (subject to certain exemptions, including, among other things, compensation for board or board committee service);
- the director or a family member of the director is a partner in, controlling shareholder of, or an executive officer of an entity to which the company made, or from which the company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or $200,000, whichever is greater (subject to certain exemptions);
- the director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three (3) years, any of the executive officers of the company served on the compensation committee of such other entity; or
- the director or a family member of the director is a current partner of the company's outside auditor, or at any time during the past three (3) years was a partner or employee of the company's outside auditor, and who worked on the company's audit.

Under such definitions, Adrienne O'Neil and Michael Harman are each independent directors. However, our shares are not currently quoted or listed on any U.S. national exchange or interdealer quotation system with a requirement that a majority of our Board be independent and, therefore, we are not subject to any director independence requirements in the U.S.

ITEM 8. LEGAL PROCEEDINGS

There are no actual or to our knowledge contemplated legal proceedings material to us or our subsidiaries or to which any of our or any of our subsidiaries' property is the subject matter.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Common Shares are listed and posted for trading on the CSE under the symbol "PLTH" and quoted on the OTCQX under the symbol "PLNHF." The Common Shares commenced trading on the CSE effective June 21, 2018.

The following table indicates the high and low values with respect to trading activity for the Common Shares on the CSE for the periods indicated below (source: www.thecse.com and www.finance.yahoo.com).

Period Ended	Low Trading Price (C$)	High Trading Price (C$)
Fourth Quarter Ended December 31, 2021	3.70	6.12
Third Quarter Ended September 30, 2021	5.36	8.78
Second Quarter Ended June 30, 2021	7.19	9.29
First Quarter Ended March 31, 2021	6.54	10.88
Fourth Quarter Ended December 31, 2020	3.57	8.20
Third Quarter Ended September 30, 2020	1.96	5.51
Second Quarter Ended June 30, 2020	1.26	2.69
First Quarter Ended March 31, 2020	0.99	2.62
Fourth Quarter Ended December 31, 2019	1.72	2.48
Third Quarter Ended September 30, 2019	2.12	2.86
Second Quarter Ended June 30, 2019	2.15	3.60
First Quarter Ended March 31, 2019	1.44	2.26

The following table indicates the high and low values with respect to trading activity for the Common Shares on the OTCQX for the periods indicated below (source: www.otcmarkets.com). Any over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission and may not necessarily represent actual transactions.

Period Ended	Low Trading Price (US$)	High Trading Price (US$)
Fourth Quarter Ended December 31, 2021	2.89	4.84
Third Quarter Ended September 30, 2021	4.21	7.14
Second Quarter Ended June 30, 2021	5.72	7.37
First Quarter Ended March 31, 2021	5.1	8.67
Fourth Quarter Ended December 31, 2020	2.67	6.40
Third Quarter Ended September 30, 2020	1.5684	4.19
Second Quarter Ended June 30, 2020	0.8815	1.99
First Quarter Ended March 31, 2020	0.63	2.02
Fourth Quarter Ended December 31, 2019	1.2556	2.00
Third Quarter Ended September 30, 2019	1.60	2.18
Second Quarter Ended June 30, 2019	1.61	2.70
First Quarter Ended March 31, 2019	1.09	1.72

Shareholders

As of January 19, 2022, there were 192 holders of record of Common Shares and no holders of record of Restricted Voting Shares.

Dividends

We have not paid dividends since the completion of the Business Combination and currently intend to reinvest all future earnings to finance the development and growth of our business. As a result, we do not intend to pay dividends on the Common Shares or any Restricted Voting Shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of the Board and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that the Board deems relevant. We are not bound or limited in any way to pay dividends in the event that the Board determined that a dividend was in the best interest of our shareholders.

Equity Compensation Plans

The shareholders and the Board approved the Stock Option Plan on May 22, 2018, and approved the Amended and Restated Share Unit Plan ("**Unit Plan**" and together with the Stock Option Plan, collectively the "**Compensation Plans**") on May 22, 2018, as amended on July 11, 2018. The granting of awards under the Compensation Plans is intended to promote the interests of the Company and its shareholders by aiding us in attracting and retaining persons capable of assuring our future success, to offer such persons incentives to put forth maximum efforts for the success of our business and to compensate such persons through various stock based arrangements and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with our shareholders. Eligible participants under the Compensation Plans include non-employee directors, officers (including the named executive officers), employees, consultants and advisors of the Company and its subsidiaries.

The following table provides information regarding compensation plans**,** previously approved by shareholders**,** under which securities of the Company are authorized for issuance in effect as of December 31, 2021:

Plan Category	**Number of securities to be issued upon exercise of outstanding options and rights (a)**	**Weighted-average exercise price of outstanding options and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(c)**
Stock Option Plan	169,167	CAD$1.52	17,107,695
Amended and Restated Share Unit Plan	2,591,933	-	17,107,695
Total	2,761,100	-	17,107,695

As of December 31, 2021: (i) options to purchase an aggregate of 169,167 Common Shares were outstanding, representing approximately 0.085% of the issued and outstanding Common Shares on such date; (ii) Restricted Share Units to acquire an aggregate of 2,591,933 Common Shares were outstanding, representing approximately 1.39% of the issued and outstanding Common Shares on such date, for a total of 2,761,100 Common Shares issuable pursuant to outstanding awards. As a result, Stock Options/ Restricted Share Units under our equity compensation plans to purchase/receive a total of 17,107,695 Common Shares, representing approximately 8.61% of the total issued and outstanding Common Shares, were available for grant as of December 31, 2021.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

The following information represents securities sold by us within the past three years through January 19, 2022 which were not registered under the Securities Act. Included are new issuances of Common Shares and Restricted Voting Shares and issuances of securities convertible into or exchangeable, redeemable or exercisable for Common Shares. We sold all of the securities listed below pursuant to the exemption from registration provided by Section 3(a)(9) and Section 4(a)(2) of the Securities Act, and Rule 144A, Regulation D, Regulation S or Rule 701 promulgated thereunder.

Since January 1, 2021, we had the following issuances of unregistered securities:

- On January 4, 2021, we issued 852,124 Common Shares to holders of RSUs that had vested. We did not receive any cash proceeds from the issuance.
- On January 4, 2021, we issued 109,669 Common Shares to holders of options who exercised 109,669 options that resulted in $79,202 in cash proceeds to us from the exercise.
- On June 10, 2021, we issued 3,704 Common Shares to holders of RSUs that vested. We did not receive any cash proceeds from the issuance.
- On July 9, 2021, we issued 59,945 Common Shares to holders of RSUs that had vested. We did not receive any cash proceeds from the issuance.
- On July 9, 2021, we issued 11,667 Common Shares to holders of options who exercised 11,667 options that resulted in $5,028 in cash proceeds to us from the exercise.
- On December 9, 2021, we issued 2,212,974 Common Shares to holders of RSUs that had vested. We did not receive any cash proceeds from the issuance.
- During the year ended December 31, 2021, we issued 3,772,640 Common Shares to warrant holders who exercised warrants during the period. We received $14,107,362 in cash proceeds from the exercises.
- We issued 55,232,940 Common Shares to holders of Restricted Voting Shares who exercised their right to exchange Restricted Voting Shares into Common Shares. We did not receive any cash proceeds from the issuance.
- On February 2, 2021, we completed the February 2021 Bought Deal for aggregate gross proceeds of $53,852,980 (C$69,028,750) at a price of C$7.00 per unit. The principal underwriters were Beacon Securities Limited ("**Beacon**") and Canaccord Genuity Corp ("**Canaccord**"). We issued 9,861,250 units of the Company. Each unit was comprised of one Common Share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one Common Share at an exercise price of C$9.00 per Common Share for a period of 24 months. We also issued 591,676 broker warrants that entitle the holder to purchase one Common Share for a period of 24 months from the closing of the offering at a price of C$7.00 per Common Share.

During the year ended December 31, 2020, we had the following issuances of unregistered securities:

- During the year ended December 31, 2020, we issued 2,685,344 Common Shares on the exercise of RSUs that had vested during the period. We did not receive any cash proceeds on the exercise and transferred $3,313,152 to share capital from the carrying value ascribed to the RSUs that were exercised.
- On January 17, 2020, we issued 75,000 Common Shares on the exercise of options that had an exercise price of C$0.80 per common share resulting in cash proceeds of $45,966 (C$60,000).
- On January 17, 2020, we issued 33,334 Common Shares on the exercise of options that had an exercise price of C$1.55 per common share resulting in cash proceeds of $37,064 (C$51,668).
- On July 3, 2020, we issued 8,333 Common Shares on the exercise of options that had an exercise price of C$0.75 resulting in cash proceeds to us of $4,617 (C$6,249).
- On July 3, 2020, we issued 116,334 Common Shares on the exercise of options that had an exercise price of C$0.80 resulting in cash proceeds to us of $68,771 (C$93,066).
- On October 9, 2020, we issued 50,000 Common Shares on the exercise of options that had an exercise price of C$0.80 resulting in cash proceeds to us of $30,786 (C$40,000).
- On October 14, 2020, we issued 50,000 Common Shares on the exercise of options that had an exercise price of C$0.80 resulting in cash proceeds to us of $30,786 (C$40,000).
- During the year ended December 31, 2020, we issued 17,532,271 Common Shares to warrant holders who exercised 17,532,271 warrants resulting in cash proceeds of $32,653,449 (C$43,079,021).
- On May 20, 2020, we issued 3,940,932 Restricted Voting Shares on the acquisition of Newtonian Principles Inc. to shareholders of Newtonian Principles. The shares were valued at $4,453,831 (C$6,187,263, C$1.57 per share based on the closing price of the Company's shares).
- On July 17, 2020, we issued 1,374,833 Common Shares on the acquisition of WCDN to shareholders of WCDN. The shares were valued at $2,918,277 (C$3,959,519, C$2.88 per share based on the closing price of the Company's common shares on July 17, 2020).
- On July 3, 2020, we completed the July 2020 Bought Deal for aggregate gross proceeds of $8,493,808 (C$11,521,850) at a price of C$2.15 per unit. The principal underwriters were Beacon and Canaccord. We issued 5,359,000 units of the Company. Each unit was comprised of one Common Share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitled the holder to acquire one common share at an exercise price of C$2.85 per Common Share for a period of 24 months. We also issued 321,540 broker warrants that entitle the holder to purchase one Common Share for a period of 24 months from the closing of the offering at a price of C$2.15 per common share.
- On September 10, 2020, we completed the September 2020 Bought Deal for aggregate gross proceeds of $17,489,401 (C$23,019,550) at a price of C$3.70 per unit. The principal underwriters were Beaconand Canaccord. We issued 6,221,500 units of the Company. Each unit was comprised of one Common Share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitled the holder to acquire one Common Share at an exercise price of C$5.00 per Common Share for a period of 24 months. We also issued 373,290 broker warrants that entitle the holder to purchase one Common Share for a period of 24 months from the closing of the offering at a price of C$3.70 per common share.
- On November 5, 2020, we completed the November 2020 Bought Deal for aggregate gross proceeds of $22,141,920 (C$28,804,625) at a price of C$4.30 per unit. The principal underwriters were Beacon and Canaccord. We issued 6,698,750 units of the Company. Each unit was comprised of one Common Share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitled the holder to acquire one Common Share at an exercise price of C$5.80 per Common Share for a period of 24 months. We also issued 401,925 broker warrants that entitle the holder to purchase one Common Share for a period of 24 months from the closing of the offering at a price of C$4.30 per Common Share.

During the year ended December 31, 2019, we had the following issuances of unregistered securities:

- On March 1, 2019, we issued 1,922,786 Common Shares on the exercise of RSUs that had vested during the period. We did not receive any cash proceeds on the issuance.
- On March 20, 2019, we issued 15,002 Common Shares on the exercise of options that had an exercise price of C$0.80 per Common Share resulting in cash proceeds of C$12,002.
- On July 9, 2019, we issued 205,660 Common Shares on the exercise of options that had an exercise price of C$0.80 per Common Share, issued 5,000 Common Shares on the exercise of options that had an exercise price of C$0.75 per Common Share and issued 33,332 Common Shares on the exercise of options with a strike price of C$1.55 resulting in cash proceeds of $175,474.
- On July 9, 2019, we issued 1,833,732 Common Shares on the exercise of RSUs that had vested during the period. We did not receive any cash proceeds on the issuance.
- During the period July 31 to December 31, 2019, we issued 198,000 Common Shares on the exercise of RSUs that had vested at a rate of 33,000 per month from June 30 to December 31, 2019. We did not receive any cash proceeds from the issuance.
- During the year ended December 31, 2019, we issued 4,889,647 Common Shares to warrant holders who exercised 4,889,647 warrants resulting in cash proceeds of $4,854,711.

During the year ended December 31, 2018, we had the following issuances of unregistered securities:

- On June 11, 2018, we closed the RTO transaction, and issued 5,250,000 Common Shares to former shareholders of Carpincho Capital Corp.
- The RTO closing also triggered the closing of a private placement that was being held in escrow pending the closing of the RTO. We closed the private placement by issuing 31,458,400 units at a price of C$0.80 per unit to shareholders of Carpincho for gross proceeds of $19,508,445. Each unit was comprised of one Common Share and one-half of Common Share purchase warrant. Each whole warrant entitled the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$1.40 per Common Share. We also issued 1,485,645 broker warrants that entitled the holder to purchase one Common Share for a period of 24 months from the closing of the offering at a price of C$0.80 per common share.
- During the year ended December 31, 2018, we issued 2,580,810 Common Shares to warrant holders who exercised 2,580,810 warrants resulting in cash proceeds of $2,374,253.
- On June 19, 2018, we issued 5,532,940 Restricted Voting Shares at a price of C$0.80 per share for total equity of $3,409,476 on the settlement of notes held by related parties that were converted to equity on closing of the RTO at the option of the note holder.
- On December 4, 2018, we issued 8,735,250 Common Shares and 4,792,625 common share purchase warrants at a price of C$3.00 per unit with each unit consisting of one common share and one-half of a Common Share purchase warrant. Each whole warrant entitled the holder to purchase one Common Share of the Company at an exercise price of C$3.75 for a period of 36 months following the closing. The warrants could be accelerated by us in our sole discretion at any time in the event that the volume-weighted average closing price of the Common Shares on the CSE was greater than or equal to C$5.00 per share for a period of 20 consecutive trading days by giving notice to the warrant holders. In such a case the warrants expired at 4:00pm eastern time on the earlier of the 30th day after the date on which notice is given and the actual expiry date of the warrants. We also issued 524,115 broker warrants that entitle the holder to purchase one Common Share for a period of 24 months from the closing of the offering at a price of C$3.00 per common share for total aggregate gross proceeds of $19,965,769 (C$26,392,750).

ITEM 11. DESCRIPTION OF THE REGISTRANT'S SECURITIES TO BE REGISTERED

We are authorized to issue an unlimited number of Common Shares and an unlimited number of Restricted Voting Shares. As of January 19, 2022, 198,687,950 Common Shares were issued and outstanding and no Restricted Voting Shares were issued and outstanding.

Common Shares

Holders of Common Shares are entitled to dividends, if, as and when declared by the Board, to one vote per share at meetings of shareholders of the Company and, upon dissolution, to share equally in such assets of the Company as are distributable to the holders of Common Shares. The Common Shares do not have pre-emptive or subscription rights, and there are no redemption or sinking-fund provisions applicable to the Common Shares. Unless a different majority is required by law or the Articles, resolutions to be approved by holders of Common Shares require approval by a simple majority of the total number of votes of all Common Shares cast at a meeting of shareholders at which a quorum is present.

Subject to the rights of the shares of any other class ranking senior to the Common Shares with respect to priority upon a liquidation event, in the event of a liquidation event, the holders of Common Shares and the holders of Restricted Voting Shares will participate ratably in equal amounts per share, without preference or distinction, in the remaining assets of the Company.

Restricted Voting Shares

As a condition to the completion of the Business Combination, we issued Restricted Voting Shares to former shareholders of MMDC who were resident in the United States. Except with respect to the election or removal of directors of the Company, each Restricted Voting Share entitles the holder to receive notice of and to attend any meeting of shareholders of the Company and to exercise one vote for each Restricted Voting Share held at all meetings of shareholders of the Company, other than meetings at which only the holders or another class or series of shares are entitled to vote separately as a class or series. Unlike the Common Shares, the Restricted Voting Shares do not entitle the holder to exercise voting rights in respect of the election or removal of directors of the Company.

The restrictions on conversion of the Restricted Voting Shares were designed to prevent us from becoming a "domestic issuer" ("**Domestic Issuer**") as defined under Rule 902(e) of Regulation S pursuant to the U.S. Securities Act of 1933 (the "**1933 Act**"). Generally, we would be a Domestic Issuer if: (A) 50% or more of the holders of Common Shares are U.S. Persons (as defined under the 1933 Act); and (B) (i) the majority of our executive officers or directors are United States citizens or residents; (ii) we have 50% or more of our assets located in the United States; or (iii) our business is principally administered in the United States. Holders of the Restricted Voting Shares were able to convert each issued and outstanding Restricted Voting Share into one Common Share (subject to customary adjustments) provided that we were not a Domestic Issuer or the conversion would not cause us to become a Domestic Issuer.

Upon review of the shareholder demographics in May 2021, we expected that substantially greater than 50% of our outstanding Common Shares would be held by United States residents as of the annual determination date of June 30, 2021, regardless of whether the Restricted Voting Shares were converted. On May 7, 2021, all of the outstanding Restricted Voting Shares were converted to Common Shares. As a result, there are currently no Restricted Voting Shares outstanding.

Special Majority

The majority of votes required to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution. The BCBCA requires that the following actions of the Company must be approved by special resolution:

- an alteration to the notice of articles of the Company to become a "benefits company" as defined by the BCBCA;
- a reduction in the Company's capital;
- the removal of a director prior to the expiration of his or her term of office;
- an alteration to the Articles of the Company;
- the appointment of an inspector to investigate the affairs and management of the Company;
- the adoption of an amalgamation agreement or carrying out a statutory arrangement;
- the disposition of all or substantially all of the undertaking of the Company;
- the authorization of the liquidation of the Company; and
- the removal of a liquidator.

Additionally, the Articles of the Company provide that a special resolution is required to be passed by the holders of a particular class of shares in order to attach or delete special rights and restrictions to that class of shares.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

We are subject to the provisions of Part 5, Division 5 of the BCBCA.

Under Section 160 of the BCBCA, we may, subject to Section 163 of the BCBCA:

(a) indemnify an individual who:

(i) is or was a director or officer of our company,

(ii) is or was a director or officer of another corporation (A) at a time when such corporation is or was an affiliate of our company; or (B) at our request, or

(iii) at our request, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity,

including, subject to certain limited exceptions described below, the heirs and personal or other legal representatives of that individual (collectively, an "**eligible party**"), against all eligible penalties, defined below, to which the eligible party is or may be liable; and

(b) after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding, where:

(i) "**eligible penalty**" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding,

(ii) "**eligible proceeding**" means a proceeding in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, our company or an associated corporation (A) is or may be joined as a party, or (B) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding,

(iii) "**expenses**" includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding, and

(iv) "**proceeding**" includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

Under Section 161 of the BCBCA, and subject to Section 163 of the BCBCA, we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by an eligible party in respect of that proceeding if the eligible party (a) has not been reimbursed for those expenses and (b) is wholly successful, on the merits or otherwise, in the outcome of the proceeding or is substantially successful on the merits in the outcome of the proceeding.

Under Section 162 of the BCBCA, and subject to Section 163 of the BCBCA, we may pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party in respect of the proceeding, provided that we must not make such payments unless we first receive from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited under Section 163 of the BCBCA, the eligible party will repay the amounts advanced.

Under Section 163 of the BCBCA, we must not indemnify an eligible party against eligible penalties to which the eligible party is or may be liable or pay the expenses of an eligible party in respect of that proceeding under Sections 160, 161 or 162 of the BCBCA, as the case may be, if any of the following circumstances apply:

(a) if the indemnity or payment is made under an earlier agreement to indemnify or pay expenses and, at the time that the agreement to indemnify or pay expenses was made, we were prohibited from giving the indemnity or paying the expenses by our memorandum or Articles;

(b) if the indemnity or payment is made otherwise than under an earlier agreement to indemnify or pay expenses and, at the time that the indemnity or payment is made, we are prohibited from giving the indemnity or paying the expenses by our memorandum or Articles;

(c) if, in relation to the subject matter of the eligible proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of our company or the associated corporation, as the case may be; or

(d) in the case of an eligible proceeding other than a civil proceeding, if the eligible party did not have reasonable grounds for believing that the eligible party's conduct in respect of which the proceeding was brought was lawful.

If an eligible proceeding is brought against an eligible party by or on behalf of our company or by or on behalf of an associated corporation, we must not either indemnify the eligible party under Section 160(a) of the BCBCA against eligible penalties to which the eligible party is or may be liable, or pay the expenses of the eligible party under Sections 160(b), 161 or 162 of the BCBCA, as the case may be, in respect of the proceeding.

Under Section 164 of the BCBCA, and despite any other provision of Part 5, Division 5 of the BCBCA and whether or not payment of expenses or indemnification has been sought, authorized or declined under Part 5, Division 5 of the BCBCA, on the application of our company or an eligible party, the court may do one or more of the following:

(a) order us to indemnify an eligible party against any liability incurred by the eligible party in respect of an eligible proceeding;

(b) order us to pay some or all of the expenses incurred by an eligible party in respect of an eligible proceeding;

(c) order the enforcement of, or any payment under, an agreement of indemnification entered into by us;

(d) order us to pay some or all of the expenses actually and reasonably incurred by any person in obtaining an order under Section 164 of the BCBCA; or

(e) make any other order the court considers appropriate.

Section 165 of the BCBCA and our Articles provide that we may purchase and maintain insurance for the benefit of an eligible party or the heirs and personal or other legal representatives of the eligible party against any liability that may be incurred by reason of the eligible party being or having been a director, alternate director or officer of, or holding or having held a position equivalent to that of a director, alternate director or officer of, our company or an associated corporation.

Pursuant to our Articles, subject to the BCBCA, we must indemnify a director, former director or alternative director of our company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and we must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with us on the terms of the indemnity contained in Article 21.2 of our Articles.

Subject to our Articles and any restrictions in the BCBCA, we may indemnify any person.

The failure of a director, alternative director or officer of our company to comply with the BCBCA or our Articles or, if applicable, any former *Companies Act* or former Articles, does not invalidate any indemnity to which such director, alternative director or officer is entitled under the Articles.

We have entered into employment agreements that include indemnification provisions with each of our executive officers. Under these provisions, each executive officer is entitled, subject to the terms and conditions thereof, to the right of indemnification and contribution for certain expenses to the fullest extent permitted by applicable law. We believe that these provisions are necessary to attract and retain qualified individuals to serve as executive officers.

We are obligated to purchase and maintain insurance for the benefit of any such executive officer who is party to the employment agreements.

We have an insurance policy covering our directors and officers, within the limits and subject to the limitations of the policy, with respect to certain liabilities arising out of claims based on acts or omissions in their capacities as directors or officers.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required to be included in this registration statement appear immediately following the signature page to this registration statement beginning on page F-1.

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH AUDITORS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

The financial statements required to be included in this registration statement appear immediately following the signature page to this registration statement beginning on page F-1.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
2.1*§#	Acquisition Agreement, dated December 20, 2019, among BLC Management Company, LLC, Planet 13 Holdings Inc., Kyle Desmet, Newtonian Principles, Inc., Warner Management Group, LLC and Sarah Sibia, as amended by Amendment No. 1 to Acquisition Agreement, dated April 16, 2020, and Amendment No. 2 to Acquisition Agreement, dated May 20, 2020.
2.2§#	Asset Purchase Agreement, dated July 17, 2020, among Planet 13 Holdings Inc., MM Development Company, Inc., W the Brand, LLC, West Coast Development Nevada, LLC and R. Scott Coffman.
2.3*#	Share Exchange Agreement, dated April 26, 2018, among MM Development Company, Inc., Carpincho Capital Corp., PRMN Investments Ltd., Thirteen, LLC and 4 Degrees Higher, LLC.
2.4#	Master Agreement, dated April 26, 2018, among Carpincho Capital Corp., 10713791 Canada Inc. and 10653918 Canada Inc.
2.5*#	License Purchase Agreement, dated August 31, 2021, among Buyer, Planet 13 Holdings Inc., Seller and Harvest Health & Recreation Inc.
2.6*	Arrangement Agreement, dated December 20, 2021, between Planet 13 Holdings Inc. and Next Green Wave Holdings Inc.
3.1#	Certificate of Amalgamation, Notice of Articles and Articles dated September 24, 2019.
4.1#	Warrant Indenture, dated July 3, 2020, between Planet 13 Holdings Inc. and Odyssey Trust Company.
4.2#	Warrant Indenture, dated September 10, 2020, between Planet 13 Holdings Inc. and Odyssey Trust Company.
4.3#	Warrant Indenture, dated November 5, 2020, between Planet 13 Holdings Inc. and Odyssey Trust Company.
4.4#	Warrant Indenture, dated February 2, 2021, between Planet 13 Holdings, Inc. and Odyssey Trust Company.
4.5#	Warrant Indenture, dated December 4, 2018, between Planet 13 Holdings Inc. and Odyssey Trust Company.
4.6#	Warrant Indenture, dated April 26, 2018, among 10653918 Canada Inc., Odyssey Trust Company and Carpincho Capital Corp.
10.1*#	Industrial Real Estate Lease, dated April 23, 2018, between MM Development Company, Inc. and Lessor.
10.2§#	Lease Agreement, dated August 30, 2014, between Fargo District Holdings, LLC and MM Development Company, Inc., as amended by Amendment to Lease, dated January 1, 2018, and Second Amendment to Lease Agreement, dated September 14, 2018.
10.3#	Lease Agreement, dated July 17, 2020, between RX Land, LLC and MM Development Company, Inc., as amended by Amendment to Lease, dated November 27, 2020.
10.4*#	Standard Industrial/Commercial Multi-Tenant Lease – Net, dated May 1, 2018, between Lessor and BLC Management Company, LLC, as amended by First Amendment to Standard Industrial/Commercial Multi-Tenant Lease – Net, dated November 8, 2019, and Second Amendment to Standard Industrial/Commercial Multi-Tenant Lease – Net, dated April 17, 2020, and by Third Amendment to Standard Industrial/Commercial Multi-Tenant Lease – Net, dated September 8, 2020.
10.5#	Agreement Regarding Release of Leasehold Estate, dated August 31, 2020, between LaBarre Chastang, Inc. and BLC Management Company, LLC.
10.6+#	Planet 13 Holdings Inc. 2018 Stock Option Plan.
10.7+#	Planet 13 Holdings Inc. 2018 Share Unit Plan, as amended on July 11, 2018 and May 20, 2020.
10.8+#	Form of Stock Option Award Agreement.
10.9+#	Form of Share Unit Plan Award Agreement.
10.10+#	Employment Agreement, dated June 1, 2018, between Christopher Wren and MM Development Company, Inc., as amended by Amendment to Employment Agreement, dated March 10, 2021.
10.11+#	Employment Agreement, dated June 1, 2018, between Larry Scheffler and MM Development Company, Inc., as amended by Amendment to Employment Agreement, dated March 10, 2021.
10.12+#	Employment Agreement, dated June 1, 2018, between Robert Groesbeck and MM Development Company, Inc., as amended by Amendment to Employment Agreement, dated March 10, 2021.
10.13+#	Employment Agreement, dated June 1, 2018, between Dennis Logan and Planet 13 Holdings Inc.
21#	List of Subsidiaries of Planet 13 Holdings Inc.

* Certain information has been excluded from this exhibit because it is both (i) not material and (ii) private or confidential.
\# Previously filed with the SEC.
§ This filing omits exhibits and/or schedules pursuant to Item 601(a)(5) of Regulation S-K.
\+ Indicates a management contract or compensatory plan, contract or arrangement in which directors or executive officers participate.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

PLANET 13 HOLDINGS INC.

/s/ Robert Groesbeck
By: Robert Groesbeck
Title: Co-Chief Executive Officer
Date: January 25, 2022

/s/ Larry Scheffler
By: Larry Scheffler
Title: Co-Chief Executive Officer
Date: January 25, 2022

Index to Financial Statements

DAVIDSON & COMPANY LLP — Chartered Professional Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of
Planet 13 Holdings Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Planet 13 Holdings Inc. and its subsidiaries (together, the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended December 31, 2020, 2019 and 2018 including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years ended December 31, 2020, 2019 and 2018, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2019.

/s/ DAVIDSON & COMPANY LLP
Chartered Professional Accountants

Vancouver, Canada
January 25, 2022

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Telephone (604) 687-0947 Davidson-co.com

Planet 13 Holdings Inc.
Consolidated balance sheets

(in United States dollars except per share amounts) As at	Note	December 31, 2020	December 31, 2019
Assets			
Current			
Cash		**$ 79,000,850**	$ 12,814,712
Accounts Receivable, net		**436,874**	214,964
Inventory	5	**6,919,840**	5,127,567
Prepaid expenses and other current assets	6	**2,198,005**	3,495,852
Total current assets		**88,555,569**	21,653,095
Property and equipment	7	**32,073,925**	30,211,154
Intangible assets	8	**7,551,141**	-
Right-of-use assets – operating	9	**20,497,895**	10,117,537
Right-of-use assets – finance	9	**44,672**	90,866
Long-term deposits and other assets		**1,054,443**	694,601
Total assets		**$ 149,777,645**	$ 62,767,253
Liabilities			
Current			
Accounts payable		**$ 1,681,027**	$ 861,455
Accrued expenses		**2,844,714**	1,910,046
Income taxes payable	15	**1,446,235**	7,159,753
Notes payable – current portion	10	**884,000**	884,000
Operating lease liability – current portion	9	**161,021**	48,906
Finance lease liability – current portion	9	**46,372**	45,952
Total current liabilities		**7,063,369**	10,910,112
Operating lease liabilities	9	**22,365,892**	10,895,921
Finance lease liabilities	9	**-**	46,372
Warrant liability	12	**13,204,211**	9,823,510
Other long-term liabilities		**28,000**	28,000
Deferred tax liability	15	**410,359**	-
Total liabilities		**43,071,831**	31,703,915
Commitments and contingencies (Note 19)			
Shareholders' equity			
Common shares, no par value, unlimited Common Shares authorized, 181,806,190 issued and outstanding at December 31, 2020 and 137,660,559 at December 31, 2019	11	**-**	-
Class A Restricted shares, no par value, unlimited Class A Restricted share authorized, 5,619,119 issued and outstanding at December 31, 2020 and 2019	11	**-**	-
Additional paid in capital		**159,399,056**	58,747,851
Deficit		**(52,693,242)**	(27,684,513)
Total shareholders' equity		**106,705,814**	31,063,338
Total liabilities and shareholders' equity		**$ 149,777,645**	$ 62,767,253

On behalf of the Board:

Michael Haran
Director

Adrienne O'Neal
Director

See accompanying notes to the consolidated financial statements

Planet 13 Holdings Inc.
Consolidated statements of operations and comprehensive loss
(In U.S. dollars, except share amounts)

	Note	**December 31, 2020**	December 31, 2019	December 31, 2018
Net revenue	3(h)	**$ 70,491,280**	$ 63,595,036	$ 21,166,755
Cost of sales		**(35,394,019)**	(27,086,453)	(11,708,639)
Gross profit		**35,097,261**	36,508,583	9,458,116
Expenses				
General and administrative	16	**27,416,166**	25,230,274	12,247,055
Sales and marketing		**3,305,639**	6,539,483	1,702,841
Lease expense	9	**2,114,743**	1,912,984	-
Depreciation	7,9	**3,674,907**	2,287,249	400,116
Total expenses		**36,511,455**	35,969,990	14,350,012
(Loss) income from operations		**(1,414,194)**	538,593	(4,891,896)
Other income (expense)				
Interest expense, net		**(22,202)**	(27,073)	(241,860)
Foreign exchange gain (loss)		**398,524**	(271,240)	(63,634)
Transaction costs	4,11	**(275,250)**	-	(1,932,702)
Change in fair value of warrant liability	12	**(16,805,941)**	(5,541,590)	(3,579,934)
Other income		**216,850**	350,775	80,285
Loss on settlement of accounts payable	11	**-**	-	(96,340)
		(16,488,019)	(5,489,128)	(5,834,185)
Loss before income taxes		**(17,902,213)**	(4,950,535)	(10,726,081)
Current income tax expense	15	**(7,239,936)**	(7,352,808)	(2,279,017)
Deferred income tax recoveries	15	**133,420**	-	378,948
Net (loss) and comprehensive (loss) for the year		**(25,008,729)**	(12,303,343)	(12,626,150)
Loss per share				
Basic and diluted loss per share	14	**$ (0.16)**	$ (0.09)	$ (0.13)
Weighted average number of common shares				
Basic and diluted	14	**151,825,439**	134,074,476	98,908,344

See accompanying notes to the consolidated financial statements

Planet 13 Holdings Inc.
Consolidated statements of changes in shareholders' equity
(in U.S dollars)

	Note	Number of Common Shares	Number of Class A restricted shares	Warrants	Additional Paid in Capital	Accumulated deficit	Total Shareholders' Equity
Balance January 1, 2018		-	-	-	$ -	$ (3,182,528)	$ (3,182,528)
Conversion of debt to Common shares	11	25,300,000	-	-	1,124,661	-	1,124,661
Conversion of debt for Class A shares	11	-	49,700,000	-	2,209,643	-	2,209,643
Shares issued in private placements and prospectus offerings - net	11	40,193,650	-	2,009,760	28,900,394	-	28,900,394
Shares issued to former Carpincho shareholders on RTO closing	4,11	5,250,000	-	-	11,544	-	11,544
Class A shares issued on conversion of debt	11	-	5,532,940	-	3,409,476	-	3,409,476
Shares issued on exercise of broker warrants	11	813,935	-	(813,935)	501,712	-	501,712
Shares issued on exercise of other warrants	11,12	1,766,875	-	-	4,208,084		4,208,084
Shares issued on settlement of RSUs	11,13	-	-	-	2,800,335	-	2,800,335
Share based compensation - options	13	-	-	-	305,890	-	305,890
Net (loss) for the period		-	-	-	-	(12,626,150)	(12,626,150)
Balance December 31, 2018		73,324,460	55,232,940	1,195,825	$ 43,471,739	$ (15,808,678)	$ 27,663,061
Impact of adoption of ASC 842	9	-	-	-	-	427,508	427,508
Shares issued on settlement of RSUs	11,13	3,954,518	-	-	4,564,167	-	4,564,167
Shares issued on exercise of broker warrants	11	608,110	-	(608,110)	368,310	-	368,310
Shares issued on exercise of other warrants	11,12	4,281,537	-	-	9,909,541	-	9,909,541
Shares issued on exercise of options	11,13	258,994	-	-	175,474	-	175,474
Share based compensation - options	13	-	-	-	258,620	-	258,620
Net loss for the year		-	-	-	-	(12,303,343)	(12,303,343)
Balance, December 31, 2019		82,427,619	55,232,940	587,715	$ 58,747,851	$ (27,684,513)	$ 31,063,338
Shares issued upon conversion	8,11	3,940,932	(3,940,932)	-	4,453,831	-	4,453,831
Shares issued for acquisition	8,11	1,374,833	3,940,932	-	2,918,277	-	2,918,277
Shares issued on settlement of RSUs	11,13	2,685,344	-	-	2,456,018	-	2,456,018
Shares issued on exercise of broker warrants	11	1,533,507	-	(1,533,507)	3,220,099	-	3,220,099
Shares issued on exercise of other warrants	11,12	15,998,764	-	-	45,155,719	-	45,155,719
Shares issuance on exercise of options	11,13	333,001	-	-	217,990	-	217,990
Shares based compensation - options	13	-	-	-	56,550	-	56,550
Shares issued on private placement	11	18,279,250	-	1,096,755	42,172,721	-	42,172,721
Net loss for the year		-	-	-	-	(25,008,729)	(25,008,729)
Balance, December 31, 2020		126,573,250	55,232,940	150,963	$ 159,399,056	$ (52,693,242)	$ 106,705,814

See accompanying notes to the consolidated financial statements

Planet 13 Holdings Inc.
Consolidated statements of cash flows
(in U.S dollars)

	Note	December 31, 2020	December 31, 2019	December 31, 2018
Cash provided by (used in)				
Operating activities				
Net loss		**$ (25,008,729)**	$ (12,303,343)	$ (12,626,150)
Adjustments for items not involving cash				
Share- based compensation expense	11,18	**2,512,568**	4,822,787	2,663,679
Non-cash lease expense		**3,539,018**	2,145,541	-
Non-cash interest expense		**-**	-	217,048
Depreciation	7,9	**5,269,627**	2,971,894	988,768
Loss on disposal of assets	7	**-**	82,882	-
Share base payment to Carpincho shareholders on reverse takeover	4	**-**	-	11,544
Deferred income tax recoveries	15	**(133,420)**	-	(378,948)
Loss on settlement of accounts payable		**-**	-	96,340
Change in fair value of warrant liability	12	**16,805,941**	5,541,590	3,579,934
(Gain) loss on translation of warrant liability	12	**(293,450)**	468,740	(742,451)
Transaction costs	11	**275,250**	-	1,259,191
Unrealized (gain) loss on foreign currency exchange		**(542,000)**	211,097	335,807
Net changes in non-cash working capital items	17	**(3,776,652)**	2,007,378	(1,582,473)
Repayment of lease liabilities		**(2,337,006)**	(1,247,546)	(11,845)
Total operating		**(3,688,853)**	4,701,020	(6,189,556)
Financing activities				
Proceeds from private placements	11	**48,125,129**	-	40,381,022
Proceeds from exercise of warrants and options	11	**32,871,439**	5,030,185	2,374,253
Financing issuance cost expense	11	**(3,660,589)**	-	(4,032,026)
Total financing		**77,335,979**	5,030,185	38,723,249
Investing activities				
Purchase of property, plant and equipment	7	**(4,481,058)**	(16,061,582)	(13,313,401)
Purchase of licenses	8	**(3,550,400)**	-	-
Total investing		**(8,031,458)**	(16,061,582)	(13,313,401)
Effect of foreign exchange on cash		**570,470**	(218,997)	(308,075)
Net change in cash during the year		**66,186,138**	(6,549,374)	18,912,217
Cash				
Beginning of year		**$ 12,814,712**	$ 19,364,086	$ 451,869
End of year		**$ 79,000,850**	$ 12,814,712	$ 19,364,086

See accompanying notes to the consolidated financial statements

Planet 13 Holdings Inc.
Notes to the consolidated financial statements
(in United States dollars)
For the years ended December 31, 2020, 2019 and 2018

1. Nature of operations

Planet 13 Holdings Inc. (formerly Carpincho Capital Corp.) ("P13" or the "Company") was incorporated under the Canada Business Corporations Act on April 26, 2002 and continued under the British Columbia Business Corporations Act on September 24, 2019.

MM Development Company, Inc. ("MMDC") is a privately held corporation existing under the laws of the State of Nevada. MMDC, founded on March 20, 2014, is a vertically integrated cultivator and provider of cannabis and cannabis-infused products licensed under the laws of the State of Nevada, with two licenses for cultivation, two licenses for production, and two dispensary licenses (one medical license and one recreational license). On June 11, 2018 MMDC completed a reverse-takeover ("RTO") of Carpincho Capital Corp. Upon completion of the RTO, the shareholders of MMDC obtained control of the consolidated entity of P13. In accordance with ASC 805 Business Combinations ("ASC 805"), MMDC was identified as the accounting acquirer, and, accordingly, P13 is considered to be a continuation of MMDC, with the net assets of the Company at the date of the RTO deemed to have been acquired by MMDC (Note 4).

The Company is a vertically integrated cultivator and provider of cannabis and cannabis-infused products licensed under the laws of the State of Nevada, with six licenses for cultivation (three medical and three recreational), six licenses for production (three medical and three recreational), and three dispensary licenses (one medical and two recreational). In addition, the Company holds one recreational dispensary license in the city of Santa Ana, California.

P13 is a public company which is listed on the Canadian Securities Exchange ("CSE") under the symbol "PLTH" and the OTCQX exchange under the symbol "PLNHF".

The Company's registered office is located at 595 Howe Street, 10th floor, Vancouver, BC V6C 2T5 and the head office address is 2548 West Desert Inn. Rd, Las Vegas, NV 89109.

While cannabis and CBD-infused products are legal under the laws of several U.S. states (with varying restrictions applicable), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug, whether for medical or recreational use. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for use under medical supervision.

The federal government currently is prohibited by statute from prosecuting businesses that operate in compliance with applicable state and local medical cannabis laws and regulations; however, this does not protect adult use cannabis. In addition, if the federal government changes this position, it would be financially detrimental to the Company.

2. Basis of presentation

These consolidated financial statements reflect the accounts of the Company and have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for all periods presented. These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due, under the historical cost convention except for certain financial instruments that are measured at fair value, as detailed in the Company's accounting policies.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These consolidated financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. These consolidated financial statements are presented in U.S. dollars, which is also the Company's and its subsidiaries' functional currency.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on January 25, 2022.

Planet 13 Holdings Inc.
Notes to the consolidated financial statements
(in United States dollars)
For the years ended December 31, 2020, 2019 and 2018

2. Basis of presentation (continued)

i. Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries. Subsidiaries are entities in which the Company has a controlling voting interest or is the primary beneficiary of a variable interest entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. All intercompany accounts and transactions have been eliminated on consolidation. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany balances and transactions.

These consolidated financial statements include the accounts of the Company and the following entities which are subsidiaries of the Company:

Subsidiaries as at December 31, 2020	Jurisdiction of incorporation	Ownership interest 2020	Ownership interest 2019	Ownership interest 2018	Nature of business
MM Development Company, Inc. (“MMDC”)	USA	100%	100%	100%	Vertically integrated cannabis operations
BLC Management Company LLC. (“BLC”)	USA	100%	100%	100%	Management company
10653918 Canada Inc. (“Finco”)	Canada	-	-	100%	Holding company
LBC CBD LLC. (“LBC”)	USA	100%	100%	-	CBD retail sales and marketing
Newtonian Principles Inc.	USA	100%	-	-	Cannabis retail sales
MM Development MI, Inc.	USA	100%	100%	-	Holding company
MM Development CA, Inc.	USA	100%	100%	-	Holding company
MMDC Casa Holdings, Inc	USA	-	100%	-	Holding company
PLTHCA SA, Inc.	USA	-	100%	-	Holding company
Planet 13 Illinois, LLC	USA	49%	-	-	Holding company
BLC NV Food, LLC	USA	100%	-	-	Food retailing
By The Slice, LLC	USA	100%	-	-	Food retailing

ii. Variable interest entities

A variable interest entity ("VIE") is an entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to control the entity's activities or do not substantially participate in the gains and losses of the entity. Upon inception of a contractual agreement, and thereafter, if a reconsideration event occurs, the Company performs an assessment to determine whether the arrangement contains a variable interest in an entity and whether that entity is a VIE. The primary beneficiary of a VIE is the party that has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Where the Company concludes that it is the primary beneficiary of a VIE, the Company consolidates the accounts of that VIE.

iii. Functional currency

These consolidated financial statements are presented in U.S. dollars (“USD”), which is the Company’s and its subsidiaries' functional currency.

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2. Basis of presentation (continued)

Foreign currency transactions are remeasured to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured to the functional currency at the foreign exchange rate applicable at the statement of balance sheets date. Non-monetary items carried at historical cost denominated in foreign currencies are remeasured to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are remeasured to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

iv. Emerging growth company

The Company is an "Emerging Growth Company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it has taken advantage of certain exemptions from various reporting requirements that are not applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a Company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard.

3. Significant accounting policies

(a) Cash

Cash is comprised of cash deposits in financial institutions plus cash held at the retail location and other deposits that are readily convertible to cash.

(b) Inventory

Inventory is comprised of raw materials, finished goods and work-in-progress. Cost include expenditures directly related to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Cannabis: Inventory cost includes pre-harvest, post-harvest and shipment and fulfillment, as well as related accessories. Pre-harvest costs include labor and direct materials to grow cannabis, which includes water, electricity, nutrients, integrated pest management, growing supplies and allocated overhead. Post-harvest costs include costs associated with drying, trimming, blending, extraction, purification, quality testing and allocated overhead. Shipment and fulfillment costs include the costs of packaging, labelling, courier services and allocated overhead. Inventory is stated at the lower of cost or net realizable value, determined using weighted average cost. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. At the end of each reporting period, the Company performs an assessment of inventory and records write-downs for excess and obsolete inventories based on the Company's estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. Actual inventory losses may differ from management's estimates and such differences could be material to the Company's balance sheets, statements of operations and comprehensive loss and statements of cash flows.

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3. Significant accounting policies (continued)

(c) Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Additions and improvements that materially increase the life of the assets are capitalized, while maintenance and repairs are expensed as incurred. Significant expenditures, which extend the useful lives of assets or increase productivity, are capitalized. When significant parts of one of our property and equipment have different useful lives, they are accounted for as separate items or components of property and equipment. When assets are retired or disposed of, the cost and accumulated amortization are removed from the respective accounts and any related gain or loss is recognized in the consolidated statement of operations.

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

Land	Not depreciated
Land improvements	5 years
Building	5 – 40 years
Equipment	5 - 7 years
Leasehold improvements	Shorter of estimated useful life or remaining life of lease
Construction in progress	Not depreciated

An asset's residual value, useful life and depreciation method are reviewed at each reporting period with the effect of any changes in estimate accounted for on a prospective basis. Depreciation of property and equipment commences when the asset is available for use.

Construction in progress includes construction progress payments, deposits, engineering costs and other costs directly related to the construction of the facilities. Expenditures are capitalized during the construction period and construction in progress is transferred to the relevant class of property and equipment when the assets are available for use, at which point in time the amortization of the asset commences.

Property and equipment acquired in a business combination is depreciated over the remaining useful life of the asset.

(d) Intangible assets

Intangible assets include licenses acquired as part of business combinations and other business transactions.

When there is no foreseeable limit on the period of time over which an intangible asset is expected to contribute to the cash flows of the Company, an intangible asset is determined to have an indefinite life. Indefinite life intangible assets are tested for impairment annually, or more frequently when events or circumstances indicate that impairment may have occurred. As part of the impairment evaluation, the Company may elect to perform an assessment of qualitative factors. If this qualitative assessment indicates that it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its' carrying value, a quantitative impairment test is required to compare the fair value of the asset to its' carrying value. An impairment charge is recorded if the carrying value exceeds the fair value. The Company elected to perform a qualitative assessment on November 1, 2020 and determined that the fair value of the intangible assets was greater than the carrying value.

Licenses acquired in a business combination are measured at fair value at the acquisition date. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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3. Significant accounting policies (continued)

(e) Impairment of long-lived assets

The Company reviews long-lived assets, including property and equipment and definite life intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available ("asset group"). When indicators of potential impairment are present the Company prepares a projected undiscounted cash flow analysis for the respective asset or asset group. If the sum of the undiscounted cash flow is less than the carrying value of the asset or asset group, an impairment loss is recognized equal to the excess of the carrying value over the fair value, if any. Fair value can be determined using a market approach, income approach or cost approach. The reversal of impairment losses is prohibited.

(f) Share-based compensation

The Company has an equity incentive plan which includes issuances of stock options and restricted share units ("RSUs"). From time to time, the Company also enters into share-based compensation arrangements with non-employees. The accounting for these arrangements typically aligns with those of employees.

After adopting ASU 2018-07 which made amendments to ASC Topic 718, *Stock Compensation*, an acquirer measures share-based compensation to non-employees in exchange for goods or services in the same manner as share-based payments to employees, using a fair-value based approach measured at the grant date. This guidance is followed if the acquirer considers the assets and goods to be used or consumed in its own operation. If not, the Company has elected to account for the equity interests issued in accordance with ASC 805, *Business Combinations* based on the fair value of the equity interests issued. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The corresponding amount is recorded to the share-based payment reserve for options and to restricted share units for RSUs.

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense on a straight-line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be satisfied, such that the amount ultimately recognized is based on the number of awards that ultimately vest.

The fair value of the options granted is measured using the Black Scholes option pricing model, taking into account the terms and conditions upon which the share-based payments were granted.

The fair value of RSUs is determined using the closing market price of the Company's shares on the grant date. The number of RSUs expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired RSUs are transferred to deficit in the year of forfeiture or expiry. Upon the issuance of common shares in exchange for vested RSUs, the amount of the related Restricted Share Unit reserve is transferred to share capital.

(g) Warrant liability

Warrants are accounted for in accordance with the applicable authoritative accounting guidance in ASC Topic 815, Derivatives and Hedging – Contracts in Entity's Own Equity ("ASC 815"), as either derivative liabilities or as equity instruments depending on the specific terms of the warrant agreements. Liability-classified instruments are recorded at fair value at each reporting period with any change in fair value recognized as a component of the change in fair value of derivative liabilities in the consolidated statements of operations and comprehensive loss. Transaction costs allocated to warrants that are presented as a liability are expensed immediately within other expenses (income) in the consolidated statements of operations and comprehensive loss. Refer to paragraph (p) below as well as Note 12 for a discussion on the change in the warrant liability value.

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3. Significant accounting policies (continued)

(h) Revenue recognition

The Company earns revenue from the sale of cannabis to customers. The Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the performance obligations.

In order to recognize revenue, the Company applies the following five (5) steps:

1) Identify the contract with a customer
2) Identify the performance obligation(s)
3) Determine the transaction price
4) Allocate the transaction price to the performance obligations(s)
5) Recognize revenue when/as performance obligations(s) are satisfied

Revenue from the sale of cannabis to customers is recognized at a point in time when control over the goods has transferred to the customer. This corresponds with when the Company satisfies its performance obligation. Revenue is recorded net of any point-of-sale discounts provided to the customer. The Company's revenues are principally derived from arrangements with fixed consideration. Variable consideration, if any, is not material.

The majority of the Company's revenue is cash at point of sale. Payment is due upon transferring the goods or providing services to the customer or within a specified time period permitted under the Company's credit policy. In those cases where the Company provides goods or services on credit, the Company considers whether or not collection is probable in determining if a contract exists under ASC 606 *Revenue from contracts with customers*. Costs associated with goods or services is expensed in the year performance obligations are satisfied.

Loyalty Points Reward Programs
In certain of its markets, the Company offers a loyalty reward program to its dispensary customers that allows its customers to earn discounts on future purchases. Loyalty points are earned when a qualifying purchase is made. When a customer attains a certain number of points, the customer can redeem the credits on his/her next in-store purchase, up to a certain annual minimum. Loyalty points do not have an expiration date.

A portion of the revenue generated in a sale is allocated to the loyalty points earned. The amount allocated to the points earned is deferred until the loyalty points are redeemed.

Deferred Income
Deferred income represents cash payments received in advance of the Company's transfer of control of products or services to its customers and generally consists of unearned revenue from the Company's loyalty programs. The Company's deferred income balances were $464,000 and $230,000 as of December 31, 2020 and 2019, respectively, and were recorded within accrued expenses in the consolidated balance sheets. During the years ended December 31, 2020 and 2019 and December 31, 2018, the Company recognized $187,056, $120,722 and $nil, respectively of net revenues from amounts recorded as deferred income in the earlier years. The deferred income balance as of December 31, 2020 is expected to be recognized as revenue within the next 12-18 months.

The Company determined that no provision for returns or refunds was necessary as at December 31, 2020 (2019 – $nil). State taxes remitted to tax authorities are government-imposed excise taxes on cannabis. Excise taxes are recorded as a reduction of sales in net revenue in the consolidated statements of operations and comprehensive loss and recognized as a current liability within accounts payable and other current liabilities on the consolidated balance sheets, with the liability subsequently reduced when the taxes are remitted to the tax authority. In addition, amounts disclosed as net revenue are net of state taxes, sales tax, duty tax, allowances, and discounts.

The following table represents the Company's disaggregated revenue by sales channel:

	December 31, 2020	December 31, 2019	December 31, 2018
Retail	**$ 68,776,221**	$ 63,595,036	$ 21,166,755
Wholesale	**1,715,059**	-	-
Net revenues	**$ 70,491,280**	$ 63,595,036	$ 21,166,755

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3. Significant accounting policies (continued)

(i) Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease right of use ("ROU") assets and operating lease liability under operating lease in the consolidated balance sheets. Finance lease ROU assets are included in finance ROU assets and finance lease liability under finance lease liability in the consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are classified as a finance lease or an operating lease. A finance lease is a lease in which 1) ownership of the property transfers to the lessee by the end of the lease term; 2) the lessor grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise; 3) the lease is for a major part of the remaining economic life of the underlying asset; 4) the present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already included in the lease payments equals or exceeds substantially all of the fair value; or 5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. The Company classifies a lease as an operating lease when it does not meet any one of these criteria.

ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the incremental borrowing rate is used based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. The ROU assets also include any lease payments made prior to the commencement date and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

For finance leases, lease expenses are the sum of interest on the lease obligations and amortization of the ROU assets. ROU assets are amortized based on the lesser of the lease term and the useful life of the leased asset according to the property and equipment accounting policy. If ownership of the ROU assets transfers to the Company at the end of the lease term or if the Company is reasonably certain to exercise a purchase option, amortization is calculated using the estimated useful life of the leased asset.

For operating leases, the lease expenses are generally recognized on a straight-line basis over the lease term and recorded to general and administrative expenses in the consolidated statements of operations and comprehensive loss.

The Company has elected to apply the practical expedient in ASC 842 *Leases*, for each class of the underlying asset, except real estate leases, to not separate non-lease components from the associated lease components of the lessee's contract and account for both components as a single lease component. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Short-term leases include real estate and vehicles and are not significant in comparison to the Company's overall lease portfolio. The Company continues to recognize the lease payments associated with these leases as expenses on a straight-line basis over the lease term.

(j) Income taxes

Income taxes are comprised of current and deferred taxes. These taxes are accounted for using the asset and liability method of accounting for income taxes under ASC 740 *Income Taxes*. Deferred tax is recognized on the difference between the carrying amount of an asset or a liability, as reflected in the consolidated financial statements, and the corresponding tax base used in the computation of income for tax purposes ("temporary difference"). Measurement of deferred tax is based on the enacted tax rates and laws as at the balance sheet date that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Management assesses the likelihood that a deferred tax asset will be realized, and a valuation allowance is provided to the extent that it is more likely than not that all or a portion of a deferred tax asset will not be realized. If it is subsequently determined that the Company will be able to realize deferred tax assets in excess of the net recorded amount, then the valuation allowance will be adjusted accordingly in the period in which this determination is made.

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3. Significant accounting policies (continued)

(j) Income taxes (continued)

Current tax is recognized in connection with income for tax purposes, unrecognized tax benefits and the recovery of tax paid in a prior period and measured using the enacted tax rates and laws applicable to the taxation period during which the income for tax purposes arose. An unrecognized tax benefit may arise in connection with a period that has not yet been reviewed by the relevant tax authority. A change in the recognition or measurement of an unrecognized tax benefit is reflected in the period during which the change occurs.

The Company recognizes uncertain income tax positions at the largest amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense (recovery) in the consolidated statements of operations and comprehensive loss.

Interest and penalties in respect of income taxes are not recognized in the consolidated statement of operations as a component of income taxes but as a component of interest expense.

As the Company operates in the cannabis industry, it is subject to the limits of U.S. Internal Revenue Code (“IRC”) Section 280E (“Section 280E”) under which the Company is only allowed to deduct expenses directly related to the cost of producing the products or cost of production.

(k) Sales and marketing

The Company expenses sales and marketing costs when the sales and marketing first take place. Sales and marketing expense was approximately $3,305,639 for the year ended December 31, 2020 (2019 - $6,539,483; 2018 - $1,702,841).

(l) Fair value

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurement for invested assets are categorized into levels within a fair value hierarchy based on the nature of the valuation inputs (Levels 1, 2 or 3). The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: one or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of an asset or liability in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The carrying value of the Company’s cash, deposits, accounts payable, accrued expenses, and notes payable approximate their fair value due to their short-term nature.

The Company's prepaid and other current assets, long lived assets, including property and equipment, and intangible assets are measured at fair value when there is an indicator of impairment and are recorded at fair value only when an impairment charge is recognized.

(m) Cost of sales

Cost of sales represents costs directly related to manufacturing and distribution of the Company’s products. Primary costs include raw materials, packaging, direct labor, overhead, shipping and handling, the depreciation of certain property, plant and equipment, and tariffs. Manufacturing overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance, and property taxes. Cost of sales also includes inventory valuation adjustments. The Company recognizes the cost of sales as the associated revenues are recognized.

Planet 13 Holdings Inc.
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3. Significant accounting policies (continued)

(n) Earnings (loss) per share

Basic earnings per share ("Basic EPS") is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share ("Diluted EPS") is calculated using the treasury method of calculating the weighted average number of common shares outstanding. The treasury method assumes that outstanding stock options with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average price of the common shares for the period.

(o) Operating segments

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct, and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance.

The Company operates in a single reportable operating segment as a vertically integrated cannabis company with cultivation, production and distribution operations in the state of Nevada and dispensary operations in both the state of Nevada and the state of California.

As at December 31, 2020 and 2019, all the Company's non-current assets were located in the United States and 100% of the Company's revenue was generated in the United States.

(p) Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with GAAP requires the Company's management to make judgements, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Leases

The Company applies judgement in determining whether a contract contains a lease and if a lease is classified as an operating lease or a finance lease.

The Company determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date of the lease, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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3. Significant accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

Share-based compensation

The Company uses the Black-Scholes valuation model to determine the fair value of options and warrants granted to employees and non-employees under share-based payment arrangements, where appropriate. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term of the instrument, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date, by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. Changes in assumptions used to estimate fair value could result in materially different results. Refer to Note 13 for further information.

Estimated useful lives and depreciation of property and equipment, right-of-use assets

Depreciation and amortization of property and equipment, right-of-use assets and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. Impairment of definite long-lived assets is influenced by judgment in defining a reporting unit and determining the indicators of impairment, and estimates used to measure impairment losses. Refer to Notes 7 and 8 for further information.

Impairment of indefinite life intangible assets

Indefinite life intangible assets are tested for impairment annually, or more frequently when events or circumstances indicate that impairment may have occurred. As part of the impairment evaluation, the Company may elect to perform an assessment of qualitative factors. If this qualitative assessment indicates that it is more likely than not that the fair value of the indefinite-lived intangible asset or the reporting unit is less than its carrying value, a quantitative impairment test is required to compare the fair value of the asset to its' carrying value. An impairment charge is recorded if the carrying value exceeds the fair value. The assessment of whether an indication of impairment exists is performed at the end of each reporting period and requires the application of judgment, historical experience, and external and internal sources of information. The Company makes estimates in determining the future cash flows and discount rates in the quantitative impairment test to compare the fair value to the carrying value.

Valuation of inventory

Inventory is comprised of raw materials, work-in-progress and finished goods. Cannabis and hemp costs include expenditures directly related to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. At the end of each reporting period, the Company performs an assessment of inventory and record inventory valuation adjustments for excess and obsolete inventories based on the estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. A reserve is estimated to ensure the inventory balance at the end of the year reflects the estimates of product the Company expect to sell in the next year. Changes in the regulatory structure, lack of retail distribution locations or lack of consumer demand could result in future inventory reserves.

Warrant liability

The fair value of the warrant liability is measured using a Black Scholes pricing model. Assumptions and estimates are made in determining an appropriate risk-free interest rate, volatility, term, dividend yield, discount due to exercise restrictions, and the fair value of common stock. Any significant adjustments to the unobservable inputs would have a direct impact on the fair value of the warrant liability.

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3. Significant accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

Deferred tax assets and uncertain tax positions

The Company recognizes deferred tax assets and liabilities based on the differences between the consolidated financial statement carrying amounts and the respective tax bases of its assets and liabilities. The Company measures deferred tax assets and liabilities using current enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. The Company routinely evaluates the likelihood of realizing the benefit of its deferred tax assets and may record a valuation allowance if, based on all available evidence, it determines that some portion of the tax benefit will not be realized.

In evaluating the ability to recover deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of operations. In projecting future taxable income, the Company considers historical results and incorporates assumptions about the amount of future pretax operating income adjusted for items that do not have tax consequences. The Company's assumptions regarding future taxable income are consistent with the plans and estimates that are used to manage its underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income/(loss). The income tax expense, deferred tax assets and liabilities and liabilities for unrecognized tax benefits reflect the Company's best assessment of estimated current and future taxes to be paid. Deferred tax asset valuation allowances and liabilities for unrecognized tax benefits require significant judgment regarding applicable statutes and their related interpretation, the status of various income tax audits and the Company's particular facts and circumstances. Although the Company believes that the judgments and estimates discussed herein are reasonable, actual results, including forecasted COVID-19 business recovery, could differ, and the Company may be exposed to losses or gains that could be material. To the extent the Company prevails in matters for which a liability has been established or is required to pay amounts in excess of the established liability, the effective income tax rate in a given financial statement period could be materially affected.

(q) Accounting standards adopted

Revenue recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers ("ASC 606"). The new revenue recognition standard provides a five-step model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance was effective for non-public business entities for annual periods beginning after December 15, 2018 and is applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. Early adoption is permitted, and as a result the Company has used the modified retrospective method to early adopt the new revenue recognition guidance on January 1, 2018. Adoption of the new standard did not have a material impact to revenue recognition.

Leases

In February 2016, the FASB issued ASU 2016-02 Leases ("ASC 842") ("ASC 2016-02"), which modifies the classification criteria and requires lessees to recognize right-of-use assets and lease liabilities arising from most leases on the balance sheet with additional disclosures about leasing arrangements. The effective date was subsequently amended by ASU 2021-05 Leases for non-public business entities to be effective for fiscal years beginning after December 31, 2021, with earlier application permitted.

The Company had no leases until its completion of the RTO transaction discussed in Note 4. As a result, the Company elected to early adopt ASC 842 in accordance with the transition provisions of ASU 2016-02, with a date of initial application of January 1, 2019. There was no impact on the consolidated financial statements.

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3. Significant accounting policies (continued)

(q) Accounting standards adopted (continued)

Financial instruments with down round features

In July 2017, the FASB issued ASU 2017-11, Earnings Per Share ("ASC 260"), Distinguishing Liabilities from Equity ("ASC 480"), Derivatives and Hedging ("ASC 815") Part I. Accounting for Certain Financial Instruments with Down Round Features Part II Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception ("ASU 2017-11"). Part I applies to entities that issue financial instruments such as warrants, convertible debt or convertible preferred stock that contain down-round features. Part II replaces the indefinite deferral for certain mandatorily redeemable noncontrolling interests and mandatorily redeemable financial instruments of nonpublic entities contained within ASC Topic 480 with a scope exception and does not impact the accounting for these mandatorily redeemable instruments. The ASU is effective for non-public business entities for fiscal periods beginning after December 15, 2020, however early adoption is permitted for all entities. The Company early adopted the standard effective January 1, 2018 and such adoption did not have a material effect on its consolidated financial statements.

Disclosure framework – fair value measurement

In August 2018, FASB issued ASU 2018-13, Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement ("ASC 820") ("ASC 2018-13"). ASU 2018-13 removes (a) the prior requirement to disclose the amount and reason for transfers between Level 1 and Level 2 of the fair value hierarchy contained in ASC 820, (b) the policy for timing of transfers between levels, and (c) the valuation process used for Level 3 fair value measurements. ASU 2018-13 also adds, among other items, a requirement to disclose the range and weighted average of significant unobservable inputs used in Level 3 fair value measurements. The ASU is effective for all entities for fiscal periods beginning after December 15, 2019, however the amendments can be early adopted and should be applied retrospectively to all periods presented upon their effective date. The Company adopted ASU 2018-13 effective January 1, 2018 and such adoption did not have a material effect on its consolidated financial statements.

Codification improvements

In March 2020, the FASB issued ASU 2020-03, Codification Improvements to Financial Instruments. This ASU amends a wide variety of Topics in the Codification, including revolving-debt arrangements and allowance for credit losses related to leases. The amendments in this ASU are effective for non-public business entities for fiscal periods beginning after December 15, 2019 and interim periods within those fiscal years beginning after December 15, 2020. The company has adopted issues 1 – 5 of the guidance in ASU 2020-03 on January 1, 2020. Issues 6 – 7 of the guidance in ASU 2020-03 relate to ASU 2016-13 including the same adoption date requirements, and as noted below have not yet been adopted by the Company. The adoption of ASU 2020-03 did not have a material impact on the consolidated financial statements.

Intangibles – Goodwill and Other

In March 2021, the FASB issued ASU 2021-03, Intangibles—Goodwill and Other ("ASC 350"): Accounting Alternative for Evaluating Triggering Events. The amendments in this ASU are effective on a prospective basis for fiscal years beginning after December 15, 2019. Early adoption is permitted for all entities for both interim and annual financial statements that have not yet been issued or made available for issuance. As a result, the Company has elected to early adopt ASU 2021-03, effective January 1, 2018, and such adoption did not have a material effect on its consolidated financial statements.

(r) Accounting standards issued but not yet effective

Allowance for credit losses

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses ("ASC 326"): Measurement of Credit Losses on Financial Instruments. This guidance was subsequently amended by ASU 2018-19, Codification Improvements, ASU 2019-04, Codification Improvements, ASU 2019-05, Targeted Transition Relief, ASU 2019-10, Effective Dates, and ASU 2019-11, Codification Improvements. These ASUs are referred to collectively as the new guidance on current expected credit loss ("CECL"). The standard is effective for non-public business entities for fiscal

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3. Significant accounting policies (continued)

(r) Accounting standards issued but not yet effective (continued)
years beginning after December 15, 2022, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU.

Income taxes

In December 2019, the FASB issued ASU 2019-12, Income Taxes ("ASC 740") - Simplifying the Accounting for Income Taxes ("ASU 2019-12"), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. The standard is effective for non-public business entities for annual reporting periods beginning after December 15, 2021 and including interim periods within those fiscal years, which means that it will be effective for the Company in the first quarter of our year beginning January 1, 2022. Early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU.

Debt with conversion options and other options

In August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options ("ASC 470-20") and Derivatives and Hedging—Contracts in Entity's Own Equity ("ASC 815-40"): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"), which is intended to address issues identified as a result of the complexity associated with applying generally accepted accounting principles (GAAP) for certain financial instruments with characteristics of liabilities and equity. ASU 2020-06 is effective for public smaller reporting companies and non-public entities in fiscal years beginning after December 15, 2023. The Company is currently evaluating the effect of adopting this ASU.

Freestanding written call options

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share ("ASC 260"), Debt - Modifications and Extinguishments ("ASC 470-50"), Compensation – Stock Compensation ("ASC 718"), and Derivatives and Hedging - Contracts in Entity's Own Equity ("ASC 815-40"), which clarifies existing guidance for freestanding written call options which are equity classified and remain so after they are modified or exchanged in order to reduce diversity in practice. The standard is effective for all entities in fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the effect of adopting this ASU.

Business Combinations

In October 2021, the FASB issued ASU 2021-08, Accounting for Contract Assets and Contact Liabilities from Contracts with Customers ("ASU 2021-08") ("ASC 805"). ASU 2021-08 requires an acquirer in a business combination to recognize and measure contract assets and contract liabilities from acquired contracts using the revenue recognition guidance under ASC 606 in order to align the recognition of a contract liability with the definition of performance obligation. This approach differences from the current requirement to measure contract assets and contract liabilities acquired in a business combination at fair value. ASU 2021-08 is effective for financial statements of non-public business entities issued for fiscal years beginning after December 15, 2023 and early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU.

4. Reverse Takeover ("RTO") transaction and listing expense

On June 11, 2018, MMDC and P13 (formerly Carpincho Capital Corp.) completed the definitive share exchange agreement entered into on April 26, 2018, (the "RTO Agreement"), whereby MMDC acquired all of the issued and outstanding shares of Carpincho Capital Corp, on the basis of 0.875 consolidated common shares of the resulting entity for every one (1) outstanding common share of Carpincho Capital Corp. In accordance with ASC 805, the transaction is categorized as a reverse takeover ("RTO") of a non-operating company. The transaction does not constitute a business combination since Carpincho Capital Corp did not meet the definition of a business under ASC 805.

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4. Reverse Takeover ("RTO") transaction and listing expense (continued)

These types of transactions are considered to be capital transactions of the legal acquiree and are equivalent to the issuance of shares by the private entity for the net monetary assets of the public shell corporation accompanied by a recapitalization. As a result, the transaction has been accounted for as an asset acquisition with MMDC being identified as the acquirer (legal subsidiary) and Carpincho Capital Corp. being treated as the accounting acquiree (legal parent) with the transaction being measured at the fair value of the equity consideration issued to Carpincho Capital Corp shareholders. The excess of the fair value of the shares issued over the value of the net monetary assets acquired has been recognized as a reduction of equity. The fair value of the net assets acquired was $11,544 as per the below:

	June 11, 2018
Net assets acquired	
Cash and cash equivalents	**$ 34,678**
HST receivable	**8,020**
Accounts payable and accrued liabilities	**(31,154)**
Net assets acquired	**$ 11,544**
Shares issued and transaction costs incurred recorded	
Fair value of 5,250,000 shares issued by MMDC at CAD $1.00 per share	**4,040,637**
Less net assets acquired	**(11,544)**
Net cost of shares issued on RTO recorded within additional paid in capital	**$ 4,029,093**

Transaction costs of $673,511 were incurred as part of the transaction and recorded within transaction costs.

5. Inventory

Finished goods inventory consists of dried cannabis, concentrates, edibles, and other products that are complete and available for sale (both internally generated inventory and third-party products purchased in the wholesale market). Work in process inventory consists of cannabis after harvest, in the processing stage. Packaging and miscellaneous consist of consumables for use in the transformation of biological assets and other inventory used in production of finished goods. Raw materials consist of harvested cannabis. The Company's inventory is comprised of:

	December 31, 2020	December 31, 2019
Raw materials	**$ 1,292,310**	**$ 1,030,349**
Packaging and miscellaneous	**566,157**	500,109
Work in progress	**1,801,434**	1,254,118
Finished goods	**3,259,939**	2,342,991
	$ 6,919,840	**$ 5,127,567**

Cost of Inventory is recognized as an expense when sold and included in cost of goods sold. During the year ended December 31, 2020, the Company recognized $35,394,019 (2019 - $27,086,453, 2018 - $11,708,639) of inventory expensed to cost of goods sold.

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6. Prepaid expenses and other current assets

	December 31, 2020	December 31, 2019
Security deposits	**1,031,255**	2,210,249
Funds awaiting settlement	**1,263**	481,214
HST receivable	**103,445**	16,544
Insurance	**550,946**	356,531
Prepaid rent and other	**511,096**	431,314
	$ 2,198,005	$ 3,495,852

7. Property and equipment

	Land and land Improvements	Buildings and structures	Equipment	Leasehold improvements	Construction in progress	Total
Gross carrying amount						
Balance as at December 31, 2019	**625,146**	**1,698,077**	**4,075,085**	**27,094,559**	**1,778,283**	**35,271,150**
Additions	-	9,817	2,096,736	2,110,612	3,174,371	7,391,536
Transfers	-	-	65,435	1,242,871	(1,308,306)	-
Disposals	-	-	-	-	(277,093)	(277,093)
Balance as at December 31, 2020	**$ 625,146**	**$ 1,707,894**	**$ 6,237,256**	**$ 30,448,042**	**$ 3,367,255**	**$ 42,385,593**
Depreciation						
Balance as at December 31, 2019	**76,737**	**161,258**	**1,242,945**	**3,579,056**	**-**	**5,059,996**
Additions	51,194	42,492	1,034,935	4,141,006	-	5,269,627
Disposals	-	-	(17,955)	-	-	(17,955)
Balance as at December 31, 2020	**$ 127,931**	**$ 203,750**	**$ 2,259,925**	**$ 7,720,062**	**$ -**	**$ 10,311,668**
Carrying amount						
December 31, 2019	**$ 548,409**	**$ 1,536,819**	**$ 2,832,140**	**$ 23,515,503**	**$ 1,778,283**	**$ 30,211,154**
December 31, 2020	**$ 497,215**	**$ 1,504,144**	**$ 3,977,331**	**$ 22,727,980**	**$ 3,367,255**	**$ 32,073,925**

As at December 31, 2020, costs related to the construction of facilities were capitalized as construction in progress and not depreciated. Depreciation will commence when the facility is available for its intended use. The contractual construction commitment on the Superstore Entertainment Complex at December 31, 2020 was $nil (2019 – $4,516,513). On December 14, 2020, the Company entered into a Guaranteed Maximum Price Construction Agreement for the phase I build out of its planned Planet 13 Orange County cannabis entertainment complex in Santa Ana, California. The construction commitment as at December 31, 2020, was $7,084,300 (December 31, 2019 - $Nil) (Note 19).

For the year ended December 31, 2020 depreciation expense was $5,269,627 (2019- $2,971,894) of which $1,637,415 (2019 - $730,839) was included in cost of goods sold.

During the year ended December 31, 2020 on completion of Construction in Progress, the Company transferred $1,242,871 (2019 - $5,146,336) to Leasehold Improvements and transferred $65,435 (2019 - $950,535) to Equipment.

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8. Intangible assets

	Retail Dispensary Santa Ana	Retail Dispensary Clark County	Cultivation and Production Clark County	Total
Carrying amount				
Balance, December 31, 2019	$ -	$ -	$ -	$ -
Additions	6,151,343	690,000	709,798	7,551,141
Balance, December 31, 2020	$ 6,151,343	$ 690,000	$ 709,798	$ 7,551,141

Santa Ana acquisition

On May 20, 2020, the Company closed on its acquisition of Newtonian Principles, Inc. resulting in the Company acquiring a California cannabis sales license held by Newtonian Principles, Inc and a 30-year lease for a dispensary in Santa Ana, California. The acquisition was accounted for as an asset purchase acquisition as Newtonian Principles, Inc. was deemed to not be a business under ASC 805 Business Combinations. The facility became operational in July 2021.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of identifiable intangible assets acquired assumed:

Consideration paid:	
Cash	$ 1,153,733
Issuance of 3,940,932 Class A shares (Note 11)	4,453,831
	$ 5,607,564
Fair value of net assets acquired:	
Right of use asset	$ 4,395,037
Right of use liability	(4,395,037)
Deferred tax liability	(543,779)
Intangible asset-License	6,151,343
	$ 5,607,564

WVapes acquisition

On July 17, 2020, the Company entered into an asset purchase agreement with West Coast Developments Nevada, LLC and W The Brand, LLC (together "WCDN") pursuant to which the Company acquired cannabis inventory, equipment and tenant improvements located in Las Vegas, Nevada. The acquisition was accounted for as an asset purchase acquisition as WCDN assets acquired was deemed to not be a business.

The following table summarizes the allocation of consideration exchanged to the estimated fair value of tangible and intangible assets acquired:

Consideration paid:	
Cash	$ 1,706,667
Issuance of 1,374,833 Common shares (Note 11)	2,918,277
	$ 4,624,944
Fair value of net assets acquired:	
Inventory	$ 1,632,872
Fixed assets	2,282,274
Intangible asset - License	709,798
	$ 4,624,944

The Company acquired two cultivation licenses (one medical and one recreational), two production licenses (one medical and one recreational) and one conditional distribution license. The transaction was scheduled to close in two parts, the first closing being cash transferred for the equipment and cannabis inventory which occurred on July 17, 2020, and the second closing (the "Second Closing") being contingent on the approval to transfer the license and receipt of the cultivation and production licenses from the State of Nevada's Cannabis Control Board ("CCB").

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8. Intangible assets (continued)

On August 25, 2020, the CCB conditionally approved the transfer of the cultivation and production licenses to MMDC, and on September 3, 2020, the Company received the cultivation and production licenses pursuant to a letter from the CCB.

On September 11, 2020, the Company mutually agreed with WCDN that the receipt by the Company of a business license issued by unincorporated Clark County which would permit the Company to conduct business in Clark County (the "Clark County Business License") was a necessary condition precedent to the Second Closing. As a result, the Second Closing occurred, and the 1,374,833 common shares in the Capital of the Company were released from escrow to WCDN, on November 27, 2020 upon receipt by the Company of the Clark County Business License.

Concurrent with the first closing of the WCDN assets acquired, RX Land, LLC ("RX Land"), an entity owned by the Corporation's co-CEOs, acquired the WCDN facility for US$3.3 million and entered into a lease agreement with WCDN in respect of such facility (the "Initial West Bell Lease"). In accordance with the terms of the WCDN asset acquisition and approvals by the independent directors of Planet 13, WCDN assigned the Initial West Bell Lease to MMDC on November 25, 2020, and MMDC subsequently entered into an amending agreement with RX Land on November 27, 2020, to amend certain terms of such lease agreement including increasing the lease payments, extending the duration of the lease and, if desired, allowing for second floor installation by MMDC without a corresponding lease rate increase due to an increase in facility size. The entering into by MMDC of the assignment agreement and the amending agreement with RX Land constitutes a "related party transaction".

By way of an October 10, 2020 letter from the CCB, the Company received a conditional distribution license from WCDN.

Medizin license acquisition

On July 31, 2020, the Nevada Tax Commission approved a settlement agreement between the Nevada Tax Commission, the Corporation and other plaintiffs, and intervening defendants (the "Nevada License Settlement") in connection with a lawsuit filed by the Company and other defendants after the defendants were notified in December 2018 that no licenses had been awarded to any of the defendants as part of a competitive application process that the Company and the other defendants had participated in for Nevada cannabis dispensary licenses in September 2018.

On August 7, 2020, the CCB convened and approved the Nevada License Settlement.

On September 3, 2020, the CCB transferred the conditional Clark County dispensary license to MMDC.

On November 20, 2020, the Corporation opened the Medizin store location, having received CCB final inspection approvals and a Clark County business license. The Company has capitalized $690,000 in costs incurred to secure the license under the Nevada License Settlement.

9. Leases

On January 1, 2019, the Company adopted ASC 842, Leases ("ASC 842") using the modified retrospective transition method. Topic 842 requires the recognition of lease assets and liabilities for operating and finance leases. Beginning on January 1, 2019, the Company's consolidated financial statements are presented in accordance with the revised policies.

Management elected to utilize the practical expedients permitted under the transition guidance within Topic 842, which allowed the Company to carry forward prior conclusions about lease identification, classification and initial direct costs for leases entered prior to adoption of Topic 842. Additionally, management elected not to separate lease and non-lease components for all of the Company's leases. For leases with a term of 12 months or less, management elected the short-term lease exemption, which allowed the Company to not recognize right-of-use assets ("ROU") or lease liabilities for qualifying leases existing at transition and new leases the Company may enter into in the future.

The Company's lease agreements are for cultivation, manufacturing, retail, and office premises and for vehicles. The property lease terms range between 7 years and 21 years depending on the facility and are subject to an average of 2 renewal periods of equal length as the original lease. Leases for vehicles are typically between 4 years and 6 years with no renewal terms. Certain leases include escalation clauses or payment of executory costs such as property taxes,

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9. Leases (continued)

utilities, or insurance and maintenance. Rent expense for leases with escalation clauses is accounted for on a straight-line basis over the lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

On initial recognition, the Company recorded operating right-of-use assets of $8,708,316, operating lease liabilities of $8,639,028 and finance ROU assets and finance lease liabilities of $133,561. On initial recognition, operating ROU assets were adjusted for prepaid rent and deferred rent was reversed which resulted in the Company recording $427,508 to opening accumulated deficit. The Company's incremental borrowing rate was used in determining the present value of future payments at the commencement date of the lease.

The following table provides the components of lease cost recognized in the consolidated statement of operations and comprehensive loss for 2020 and 2019:

	December 31, 2020	December 31, 2019
Operating lease costs	**$ 3,227,428**	**$ 2,019,931**
Finance lease cost:		
Amortization of lease assets	**46,194**	42,695
Interest on lease liabilities	**10,774**	15,489
Finance lease cost	**56,968**	58,184
Short term lease expense	**17,154**	6,080
Total lease costs	**$ 3,301,550**	**$ 2,084,195**

Other information related to operating and finance leases as of and for the year end December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Finance Lease	**Operating Lease**	Finance Lease	Operating Lease
Weighted average discount rate	**15.00%**	**15.00%**	15.00%	15.00%
Weighted average remaining lease term (in years)	**0.88**	**12.80**	1.88	17.10

The maturity of the contractual undiscounted lease liabilities as of December 31, 2020 and 2019 are:

	December 31, 2020		December 31, 2019	
	Finance Lease	**Operating Lease**	Finance Lease	Operating Lease
2020	**$ -**	**$ -**	$ 56,726	$ 1,353,594
2021	**49,803**	**3,180,999**	49,803	1,539,901
2022	**-**	**3,354,437**	-	1,611,855
2023	**-**	**3,482,126**	-	1,687,256
2024	**-**	**3,614,972**	-	1,766,272
2025	**-**	**3,694,021**	-	1,789,854
2026	**-**	**3,757,894**		
Thereafter	**-**	**54,138,155**	-	27,009,842
Total undiscounted lease liabilities	**49,803**	**75,222,604**	106,529	36,758,574
Interest on lease liabilities	**(3,431)**	**(52,695,691)**	(14,205)	(25,813,747)
Total present value of minimum lease payments	**46,372**	**22,526,913**	92,324	10,944,827
Lease liability – current portion	**(46,372)**	**(161,021)**	(45,952)	(48,906)
Lease liability	**$ -**	**$ 22,365,892**	$ 46,372	$ 10,895,921

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9. Leases (continued)

Additional information on the right-of-use assets by class of assets is as follows:

	Finance lease	Operating lease
Gross carrying amount		
Balance, January 1, 2019	$ 133,561	$ 8,708,316
Additions	-	2,024,771
Balance, December 31, 2019	133,561	10,733,087
Lease modifications	-	335,798
Additions	-	10,893,679
Balance, December 31, 2020	$ 133,561	$ 21,962,564
Depreciation		
Balance, January 1, 2019	$ -	$ -
Additions	42,695	615,550
Balance, December 31, 2019	42,695	615,550
Additions	46,194	849,119
Balance, December 31, 2020	$ 88,889	$ 1,464,669
Carrying amount December 31, 2019	**$ 90,866**	**$ 10,117,537**
Carrying amount December 31, 2020	**$ 44,672**	**$ 20,497,895**

For the year ended December 31, 2020, the Company incurred $3,227,428 of operating lease costs (2019 - $2,019,931), of which $1,112,685 (2019 - $106,947) was capitalized to inventory.

During the year ended December 31, 2020, two leases were modified to increase the space under lease and one lease was modified to increase lease payments after the building under lease was sold by the lessor. The modifications were treated as continuations of the existing leases.

10. Notes payable

Non-related parties

	December 31, 2020	December 31, 2019
Promissory note dated November 4, 2015, with semi-annual interest at 5.0%, secured by deed of trust, due December 1, 2019	**$ 884,000**	$ 884,000
Less: current portion	**(884,000)**	(884,000)
Long-term portion of promissory notes	**$ -**	**$ -**

Stated maturities of debt obligations are as follows:

Next 12 months promissory note	**$ 884,000**

The promissory note with an outstanding balance at December 31, 2020 of $884,000 (December 31, 2019 - $884,000) is collateralized by a deed of trust on the related land.

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11. Share capital

Unlimited number of common shares and unlimited number of Class A shares.

		Number of Common Shares		
		December 31, 2020	December 31, 2019	December 31, 2018
Common shares				
Balance at January 1		**82,427,619**	73,324,460	25,300,000
Shares issued to former Carpincho Capital Corp Shareholders	i.	**-**	-	5,250,000
Shares issued on private placement		**-**	-	31,458,400
Shares issued on prospectus offering		**-**	-	8,735,250
Shares issued on settlement of RSUs		**2,685,344**	3,954,518	-
Shares issued on exercise of options	v.	**333,001**	258,994	-
Shares issued on exercise of warrants		**17,532,271**	4,889,647	2,580,810
Shares issued on financing - July 2020		**5,359,000**	-	-
Shares issued on financing - September 2020		**6,221,500**	-	-
Shares issued on financing - November 2020		**6,698,750**	-	-
Shares issued on conversion of Class A shares (Note 8)		**3,940,932**	-	-
Shares issued on acquisition (Note 8)		**1,374,833**	-	-
Total common shares outstanding on December 31		**126,573,250**	82,427,619	73,324,460

i. Shares issued to former Carpincho Capital Corp Shareholders

On June 11, 2018 the Company closed the RTO transaction, and it issued 5,250,000 common shares to former shareholders of Carpincho Capital Corp. at fair value. The Company recorded Share capital in the amount of $11,544 associated with the issuance of shares to the former shareholders of Carpincho (Note 4).

ii. Shares issued in private placement

The RTO closing also triggered the closing of a private placement that was being held in escrow pending the closing of the RTO. The Company closed the private placement by issuing 31,458,400 units at a price of CAD$0.80 per unit for gross proceeds of $20,205,692 (CAD$26,253,256). Each unit was comprised of one common share and one-half of common share purchase warrant. Each whole warrant entitles the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$1.40 per common share.

The Company also issued 1,485,645 broker warrants that entitled the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$0.80 per common share. The broker warrants were measured based on the fair value of the warrants using a Black Scholes valuation model.

The Company incurred $2,309,453 in cash share issuance costs and $647,406 in broker warrant costs. The warrants are initially measured at fair value (Note 12) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

	Gross Proceeds	Issuance Costs
June 11, 2018 Financing		
Common Shares (APIC)	**12,132,370**	(1,775,426)
Warrant Liability (Note 12)	**8,073,322**	(1,181,433)
Total	**20,205,692**	2,956,859

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11. Share capital (continued)

iii. Shares issued on prospectus offering

On December 4, 2018, the Company issued 8,735,250 common shares and 4,792,625 common share purchase warrants at a price of CAD$3.00 per unit with each unit consisting of one common share and ½ of a common share purchase warrant. Total aggregate gross proceeds on the financing were $20,175,329 (CAD$26,669,767). Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of CAD$3.75 for a period of 36 months following the closing. The warrants may be accelerated by the Company in its sole discretion at any time in the event that the volume-weighted average closing price of the common shares on the Canadian Securities Exchange is greater than or equal to CAD$5.00 per share for a period of 20 consecutive trading days by giving notice to the warrant holders. In such a case the warrants will expire at 4:00pm Eastern Time on the earlier of the 30th day after the date on which notice is given and the actual expiry date of the warrants.

The Company also issued 524,115 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$3.00 per common share. The broker warrants were measured based on the fair value of the warrants using a Black Scholes valuation model.

The Company incurred $1,722,572 in cash share issuance costs and $750,012 in broker warrant costs. The warrants are initially measured at fair value (Note 12) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

	Gross Proceeds	Issuance Costs
December 4, 2018 Financing		
Common Shares (APIC)	**19,540,856**	(2,394,824)
Warrant Liability (Note 12)	**634,473**	(77,760)
Total	**20,175,329**	2,472,584

iv. Shares issued for Restricted Share Units

During the year ended December 31, 2020, the Company issued 2,685,344 common shares on the settlement of Restricted Share Units (“RSUs”) that had vested during the period. The Company did not receive any cash proceeds on the settlement and transferred $3,313,152 to share capital from the carrying value ascribed to the RSUs that were settled.

During the year ended December 31, 2019, the Company issued 3,954,518 common shares on the settlement of RSUs that had vested during the year. The Company did not receive any cash proceeds on the settlement and transferred $3,245,017 to share capital from the carrying value ascribed to the RSUs that were settled.

v. Shares issued for Stock Options

During the year ended December 31, 2020, the Company issued 333,001 common shares on the exercise of options that had a strike price in the range of CAD$0.75 to CAD$1.55 per common share resulting in cash proceeds of $217,990 (CAD$290,983).

During the year ended December 31, 2019, the Company issued 258,994 common shares on the exercise of options with a strike price in the range of CAD$0.75 to CAD$1.55 per common share resulting in cash proceeds of $175,474 (CAD$231,945).

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11. Share capital (continued)

vi. Shares issued on the exercise of Warrants

During the year ended December 31, 2020, the Company issued 17,532,271 common shares to warrant holders who exercised 17,532,271 warrants resulting in cash proceeds of $32,653,449 (CAD$43,079,021).

During the year ended December 31, 2019, the Company issued 4,889,647 common shares to warrant holders who exercised 4,889,647 warrants resulting in cash proceeds of $4,854,711 (CAD$6,480,875).

During the year ended December 31, 2018, the Company issued 2,580,810 common shares to warrant holders who exercised 2,580,810 warrants resulting in cash proceeds of $2,374,253 (CAD$3,124,773).

vii. Shares issued on Financing – July 2020

On July 3, 2020, the Company completed a bought deal financing for aggregate gross proceeds of $8,493,808 (CAD$11,521,850) at a price of CAD$2.15 per unit. The Company issued 5,359,000 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$2.85 per common share for a period of 24 months.

The Company also issued 321,540 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$2.15 per common share. The broker warrants were measured based on the fair value of the warrants using a Black Scholes valuation model.

The Company incurred $825,359 in cash share issuance costs and $222,398 in broker warrant costs. The warrants are initially measured at fair value (Note 12) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

	Gross Proceeds	Issuance Costs
July 3, 2020 Financing		
Common Shares (APIC)	**8,118,500**	(1,001,461)
Warrant Liability (Note 12)	**375,308**	(46,296)
Total	**8,493,808**	(1,047,757)

viii. Shares issued on Financing – September 2020

On September 10, 2020, the Company completed a bought deal financing for aggregate gross proceeds of $17,489,401 (CAD$23,019,550) at a price of CAD$3.70 per unit. The Company issued 6,221,500 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$5.00 per common share for a period of 24 months.

The Company also issued 373,290 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$3.70 per common share. The broker warrants were measured based on the fair value of the warrants using a Black Scholes valuation model.

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11. Share capital (continued)

The Company incurred $1,291,216 in cash share issuance costs and $585,816 in broker warrant costs. The warrants are initially measured at fair value (Note 12) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

	Gross Proceeds	Issuance Costs
September 10, 2020 Financing		
Common Shares (APIC)	**16,662,200**	(1,788,253)
Warrant Liability (Note 12)	**827,201**	(88,779)
Total	**17,489,401**	(1,877,032)

ix. Shares issued on Financing – November 2020

On November 5, 2020, the Company completed a bought deal financing for aggregate gross proceeds of $22,141,920 (CAD$28,804,625) at a price of CAD$4.30 per unit. The Company issued 6,698,750 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$5.80 per common share for a period of 24 months.

The Company also issued 401,925 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$4.30 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model.

The Company incurred $1,544,014 in cash share issuance costs and $730,523 in broker warrant costs. The warrants are initially measured at fair value (Note 12) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

	Gross Proceeds	Issuance Costs
November 5, 2020 Financing		
Common Shares (APIC)	**20,777,360**	(2,134,362)
Warrant Liability (Note 12)	**1,364,560**	(140,175)
Total	**22,141,920**	(2,274,537)

	Number of Class A Shares		
	December 31, 2020	December 31, 2019	December 31, 2018
Class A shares			
Balance at January 1	**55,232,940**	55,232,940	49,700,000
Shares issued on exchange of notes payablei.	**-**	-	5,532,940
Shares issued on acquisition (Note 8)	**3,940,932**	-	-
Conversion of Class A to Common (Note 8)	**(3,940,932)**	-	-
Total Class A shares outstanding on December 31	**55,232,940**	55,232,940	55,232,940

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11. Share capital (continued)

In March 2014, the Company entered into agreements with its founders (who are now shareholders) in order to provide funds to support operations of the Company. The notes matured on December 31, 2019 and interest accrues on each advance on the day an advance is made at a rate of 15%. On January 1, 2018, the holders of the notes converted 50% of the notes outstanding for an aggregate of $3,334,304 of principal into members' contributions at carrying value. On March 14, 2018, MMDC LLC, the predecessor company of MMDC underwent a statutory conversion to a Nevada domestic corporation, converting from a member based limited liability company to a Corporation. The members' equity in MMDC LLC was converted into common voting shares of 25,300,000 amounting to $1,124,661 and 49,700,000 non-voting capital stock amounting to $2,209,643. The common stock of MMDC were then exchanged for 25,300,000 common shares of P13 and 49,700,000 Class A restricted shares of P13 on closing of the RTO (Note 4).

On closing of the RTO on June 11, 2018, the holders of the notes converted the remaining amounts of principal and accrued interest due to them of $3,409,476, into 5,532,940 shares of Class A restricted shares of the Company.

The Class A restricted shares have equal ratable rights as the Company's common shares to dividends, all of the Company's assets that are available for distribution upon liquidation, dissolution or winding up of the Company's affairs, do not have pre-emptive rights, are entitled to receive notice and attend shareholders meetings and to exercise one vote for each Class A share held at all meetings of shareholders of the Company other than with respect to the vote for the election or removal of directors. Each Class A shareholder is able to convert each outstanding Class A share at the option of the holder thereof into one common share at any time provided that such conversion would not cause the Company to become a US Domestic Issuer. The restriction on conversion of Class A shares are designed to prevent the Company from becoming a US Domestic Issuer. Generally, a company will be considered to be a US Domestic Issuer if:

(A) 50% or more of the holders of a company's common voting shares are U.S. Persons; and either (B) (i) the majority of the executive officers or directors of the Issuer are United States citizens or residents; (ii) the company has 50% or more of its assets located in the United States; or (iii) the business of the company is principally administered in the United States.

As there are no restrictions on issue or transfer of the Company's common shares, there is no guarantee that the Company will not become a US Domestic Issuer in the future. The Company's Class A Shares were issued to all shareholders of the Company who were resident in the United States on the date of the closing of the RTO. During fiscal 2021, the Company has failed the foreign private issuer ("FPI") test (Note 22).

i. Shares issued on exchange of notes payable

The Company issued 5,532,940 Class A restricted shares at a price of CAD$0.80 per share for total equity of $3,409,476 on the settlement of notes held by related parties that were converted to equity on closing of the RTO at the option of the note holder.

12. Warrants

The following table summarizes the fair value of the warrant liability at December 31, 2020, 2019 and 2018:

	2020	2019	2018
Opening balance as at January 1	$ 9,823,510	$ 9,237,466	$ -
Additions	2,567,069	-	8,707,794
Exercise	(15,698,859)	(5,424,285)	(2,307,811)
Foreign exchange	(293,450)	468,739	(742,451)
Change in fair value	16,805,941	5,541,590	3,579,934
Closing balance as at December 31	$ 13,204,211	$ 9,823,510	$ 9,237,466

Warrants that are not issued in exchange for goods or services and do not meet the criteria to be classified as equity are classified as liabilities. Because the warrants have an exercise price that is denominated in a currency other than the functional currency of the Company, they are classified as liabilities.

The warrant liability is adjusted to fair value on the date the warrants are exercised and at the end of each reporting period. The amount that is reclassified to equity on the date of exercise is the fair value at that date.

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12. Warrants (continued)

The following table summarizes the number of warrants outstanding at December 31, 2020, 2019 and 2018:

	December 31, 2020	**Weighted average exercise price – CAD**	December 31, 2019	Weighted average exercise price - CAD	December 31, 2018	Weighted average exercise price - CAD
Balance – beginning of year	15,061,078	$ 2.20	19,950,725	$ 1.99	-	-
Issued	10,236,380	$ 4.53	-	-	22,531,535	$ 1.90
Exercised	(17,532,271)	$ 2.46	(4,889,647)	$ 1.33	(2,580,810)	$ 1.21
Expired	(606,850)	$ 1.40	-	-	-	-
Balance – end of year	7,158,337	$ 4.98	15,061,078	$ 2.20	19,950,725	$ 1.99

The Company received cash proceeds of $32,653,449 (CAD$43,079,021) from the exercise of warrants (2019 - $4,854,711 (CAD$6,480,875), 2018 - $2,374,253 (CAD$3,124,773)).

The following assumptions were used to arrive at the fair value of the level 3 Warrants issued on June 11, 2018 using a Black Scholes Option Pricing model as at December 31, 2019 ($Nil – 2020):

	December 31, 2019
Share price – CAD$	$ 2.57
Strike price – CAD$	$ 1.40
Risk-free rate	1.71%
Expected dividend yield	0.00%
Expected volatility	70.00%
Warrant life in years	0.45

Fair values

The Company complies with ASC 820, Fair Value Measurement, for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. Financial instruments recorded at fair value in the consolidated balance sheet are classified using a fair value hierarchy that reflects the observability of significant inputs used in making the measurements. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

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The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2020, 2019 and 2018:

	Quoted prices in active markets for identical assets (Level 1)	Significant unobservable inputs (Level 3)	Total
December 31, 2020:			
Warrant liability	$ (13,204,211)	$ -	$ (13,204,211)
December 31, 2019:			
Warrant liability	$ (737,993)	$ (9,085,518)	$ (9,823,510)
December 31, 2018:			
Warrant liability	$ (843,153)	$ (8,394,313)	$ (9,237,466)

12. Warrants (continued)

Warrants issued on June 11, 2018 were calculated using the Black Scholes model. This issuance therefore has significant unobservable inputs and are considered level 3 financial instruments. All warrants issued post-June 2018 are publicly traded and therefore are considered level 1 financial instruments.

Any significant adjustments to the unobservable inputs disclosed in the table below would have a direct impact on the fair value of the warrant liability. A 15% change in the following assumption will have the following impact on the fair value of the level 3 warrant liability:

	Fair value at December 31, 2019	Valuation technique	Unobservable input	Range (weighted average)	+15%	-15%
June 2018 warrants	$ (9,085,518)	Black Scholes	Volatility	70%	(9,353,526)	(8,900,085)

13. Share based compensation

(a) Stock options

The Company has established an incentive stock option plan (the "Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company.

During the year ended December 31, 2020

No incentive stock options were granted during the period.

During the year ended December 31, 2019

On January 7, 2019, the Company granted 100,000 incentive stock options to employees of the Company. These options are exercisable at a price of CAD$1.55 per common share for a period of 5 years from the grant date.

On June 30, 2019, the Company granted 22,500 incentive stock options to employees of the Company. These options are exercisable at a price of CAD$2.60 per common share for a period of 5 years from the grant date.

On July 4, 2019, the Company granted 100,000 incentive stock options to consultants of the Company. The options are exercisable at a price of CAD$2.65 per common share for a period of 3 years from the grant date.

During the year ended December 31, 2018

On June 11, 2018 the Company granted 625,000 incentive stock options to employees of the Company. These options are exercisable at a price of CAD$0.80 per common share for a period of five years from the grant date.

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13. Share based compensation (continued)

On June 11, 2018 the Company granted 175,000 incentive stock options to consultants of the Company. These options are exercisable at a price of CAD$0.80 per common share for a period of three years from the grant date. The incentive options granted to consultants were measured based on the fair market value of the options at the date of granting using a Black Scholes valuation model as the fair market value of the services received cannot be reliably measured.

On July 31, 2018 the Company granted 25,000 incentive stock options to an employee of the Company. These options are exercisable at a price of CAD$0.75 per common share for a period of 5 years from the grant date.

The following table summarizes information about stock options outstanding at December 31, 2020, 2019 and 2018:

Expiry date	Exercise price CAD$	December 31, 2020 outstanding	December 31, 2020 exercisable	December 31, 2019 outstanding	December 31, 2019 exercisable	December 31, 2018 outstanding	December 31, 2018 exercisable
June 11, 2021	$ 0.80	-	-	175,000	175,000	175,000	131,250
July 4, 2022	$ 2.65	100,000	100,000	100,000	550,000	-	-
June 11, 2023	$ 0.80	158,004	158,004	282,674	139,332	590,002	196,668
July 31, 2023	$ 0.75	11,667	11,667	20,000	11,667	25,000	8,333
January 7, 2024	$ 1.55	16,667	-	66,668	33,334	-	-
June 30, 2024	$ 2.60	7,500	-	22,500	7,500	-	-
		293,838	**269,671**	666,842	916,833	790,002	336,251

The employee options vest one third on the grant date and one third on the first and second anniversary of the grant date. The fair value ascribed to the options issued was $nil (2019: $625,947, 2018: $625,947) and is being recognized as non-cash compensation expense over the vesting period of the options. The following assumptions were used to arrive at the value ascribed to the options issued using a Black Scholes Option Pricing model:

	June 11, 2018	June 11, 2018	July 31, 2018
Closing share price in CAD the day prior to granting	$ 1.00	$ 1.00	0.75
Risk-free rate	2.14%	1.99%	2.21%
Expected dividend yield	0.00%	0.00%	0.00%
Expected volatility	98.10%	98.10%	98.10%
Option life in years	5.00	3.00	5.00

	January 7, 2019	June 30, 2019	July 4, 2019
Closing share price in CAD the day prior to granting	$ 1.55	$ 2.60	2.65
Risk-free rate	1.87%	1.40%	1.62%
Expected dividend yield	0.00%	0.00%	0.00%
Expected volatility	110.41%	98.86%	98.29%
Option life in years	5.00	5.00	3.00

Volatility was estimated by comparing the volatility of publicly traded companies that operate in the US cannabis market. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on the Government of Canada Bond yields on the date of the option grant with a remaining term equal to the expected life of the options.

Share based compensation expense attributable to employee options was $56,550 for the year ended December 31, 2020, (2019: $258,620, 2018: $357,974).

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13. Share based compensation (continued)

	December 31, 2020	**Weighted average CAD$ exercise price**	December 31, 2019	Weighted average CAD$ exercise price	December 31, 2018	Weighted average CAD$ exercise price
Balance – beginning of year	666,842	$ 1.22	790,002	$ 0.80	-	$ -
Granted	-	-	222,500	2.15	820,000	0.80
Exercised	(333,001)	0.87	(258,994)	0.88	-	-
Expired	(40,003)	1.79	-	-	-	-
Forfeited	-	-	(86,666)	0.80	(29,998)	0.80
Balance – end of year	293,838	$ 1.52	666,842	$ 1.22	790,002	$ 0.80

	December 31, 2020	December 31, 2019	December 31, 2018
The outstanding options have a weighted-average CAD$ exercise price of $	**$ 1.52**	$ 1.22	0.80
The weighted average remaining life in years of the outstanding options is:	**2.19**	2.88	4.01

(c) Restricted Share Units

The Company has established a Restricted Share Unit incentive plan (the "RSU Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the RSU Plan, the Company may grant RSUs and/or options for up to 10% of the issued and outstanding common shares of the Company.

The following table summarizes the RSUs that are outstanding as at December 31, 2020, 2019 and 2018:

RSU Activity	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**
Balance - beginning of the year	4,355,742	5,367,691	-
Granted	100,518	3,259,624	5,663,358
Exercised	(2,685,344)	(3,954,518)	-
Cancelled	(6,666)	(317,055)	(295,667)
Balance – end of the year	1,764,250	4,355,742	5,367,691

The Company recognized $2,456,018 in share-based compensation expense attributable to RSUs vesting during the year ended December 31, 2020 ($4,564,167 for the year ended December 31, 2019, $2,305,705 for the year ended December 31, 2018).

During the year ended December 31, 2020

On January 1, 2020, the Company issued 50,000 RSUs under the RSU plan. The value ascribed to the RSUs issued was CAD$2.57 per share, the closing share price of the Company's common shares on December 31, 2019.

On June 30, 2020, 6,666 RSUs that were previously granted on June 11, 2018 were cancelled as a result of an employee resignation.

On July 3, 2020, the Company issued 50,518 RSUs under the RSU plan. The value ascribed to the RSUs issued was CAD$2.04 per share, the closing share price of the Company's common shares on July 3, 2020.

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13. Share based compensation (continued)

During the year ended December 31, 2019

On June 24, 2019, 82,362 RSUs that were previously granted on June 11, 2018 were cancelled as a result of a Director not standing for re-election.

On June 30, 2019 the Company issued 3,259,624 RSUs under the RSU plan. The value ascribed to the RSUs issued was CAD$2.60 per share, the closing share price of the Company's common shares on June 28, 2019. 136,278 of the RSUs vested immediately and the balance of the RSUs vest 1/3 on January 1, 2020, 1/3 on January 1, 2021 and 1/3 on January 1, 2022.

On August 29, 2019, 82,362 RSUs that were previously granted on June 11, 2018 were cancelled and 152,331 RSUs that were previously granted on June 30, 2019 were cancelled as a result of a Director resignation.

During the year ended December 31, 2018

On June 11, 2018, the Company granted Management and Directors and Consultants of the Company 5,638,358 Restricted Share Units under the RSU plan. The value ascribed to the RSU issued was CAD$1.00 per share, the closing share price of the Company's common shares on June 11, 2018. The RSUs vest 1/3 on the grant date and 1/3 on each of the first and second anniversaries of the grant date. 575,000 of the RSUs granted were issued to a consultant of the Company as payment of an outstanding accounts payable in the amount of $346,206. The fair value of the RSUs issued was $442,546. The Company recorded a loss on settlement of the accounts payable of $96,340. The RSUs issued on settlement of the accounts payable amount vest on the same terms as the rest of the RSU grant.

On July 31, 2018, the Company granted a member of Management of the Company 25,000 Restricted Share Units under the RSU plan. The value ascribed to the RSU issued was CAD$0.75 per share, the closing share price of the Company's common shares on July 31, 2018. The RSUs vest 1/3 on the grant date and 1/3 on each of the first and second anniversaries of the grant date.

On November 9, 2018, 295,667 RSUs that were previously granted on June 11, 2018 were cancelled as a result of an employee resignation.

On June 24, 2019, 82,362 RSUs that were previously granted on June 11, 2018 were cancelled as a result of a Director not standing for re-election.

On June 30, 2019 the Company issued 3,259,624 Restricted Share Units under the RSU plan. The value ascribed to the RSUs issued was CAD$2.60 per share, the closing share price of the Company's common shares on June 28, 2019. 136,278 of the RSU's vested immediately and the balance of the RSUs vest 1/3 on January 1, 2020, 1/3 on January 1, 2021 and 1/3 on January 1, 2022.

On August 29, 2019, 82,362 RSUs that were previously granted on June 11, 2018 were cancelled and 152,331 RSUs that were previously granted on June 30, 2019 were cancelled as a result of a Director resignation.

The Company issued 2,685,345 common shares on the exercise of 2,685,345 RSUs during the year ended December 31, 2020 (3,954,518 common shares on the exercise of 3,954,518 RSUs for the year ended December 31, 2019, nil common shares on the exercise of nil RSUs for the year ended December 31, 2018).

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14. Loss per share

	December 31, 2020	December 31, 2019	December 31, 2018
(Loss) available to common shareholders	**$ (25,008,729)**	$ (12,303,343)	$ (12,626,150)
Weighted average number of shares, basic and diluted	**151,825,439**	134,074,476	98,908,344
Basic and diluted (loss) per share	**$ (0.16)**	$ (0.09)	$ (0.13)

Approximately 9,216,425, 20,083,662 and 26,108,428 of potentially dilutive securities for the periods ended December 31, 2020, December 31, 2019 and December 31, 2018 respectively were excluded in the calculation of diluted EPS as their impact would have been anti-dilutive due to net loss in the year.

15. Income taxes

The components of income tax expense (benefit) of the Company are summarized as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
Current tax expense (recovery)			
Current period	$ 7,239,936	$ 7,352,808	$ 2,279,017
Deferred tax expense (recovery)			
Origination and reversal of temporary differences	(2,478,308)	(1,139,833)	(1,064,788)
Change in unrecognized temporary differences	2,344,888	1,139,833	685,840
Income tax expense	$ 7,106,516	$ 7,352,808	$ 1,900,069

The actual income tax provision differs from the expected amount calculated by applying the statutory income tax rate to the loss before tax. These differences result from the following:

	December 31, 2020	December 31, 2019	December 31, 2018
Loss before income tax	$ (17,902,213)	$ (4,950,535)	$ (10,726,081)
Statutory income tax rate	21.0%	21.0%	21.0%
Increase tax expense statutory rate	(3,759,465)	(1,039,612)	(2,252,477)
Increase (reduction) in income taxes resulting from:			
Change in fair value of warrant liability	4,453,574	1,468,521	948,683
Other non-taxable amounts	6,071,951	6,921,569	2,939,080
Change in valuation allowance	2,344,888	1,083,292	685,840
Foreign exchange impacts	(575,595)	(327,920)	100,337
Difference in rates	(1,317,876)	(753,552)	(511,159)
Other	(110,961)	510	(10,235)
Income tax expense (benefit)	$ 7,106,516	$ 7,352,808	$ 1,900,069

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15. Income taxes (continued)

Section 280E prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting normal business expenses, such as payroll and rent, from gross income (revenue less cost of goods sold). Section 280E was originally intended to penalize criminal market operators, but because cannabis remains a Schedule I controlled substance for Federal purposes, the Internal Revenue Service ("IRS") has subsequently applied Section 280E to state-legal cannabis businesses. Cannabis businesses operating in states that align their tax codes with the IRC are also unable to deduct normal business expenses from taxable income subject to state taxes. The non-taxable amounts shown in the effective rate reconciliation above include the impact of applying IRC Section 280E to the Company's businesses that are involved in selling cannabis, along with other typical non-deductible expenses. As the application and IRS interpretations on Section 280E continue to evolve, the impact of this cannot be reliably estimated. Any changes to the application of Section 280E may have a material effect on the Company's interim financial statements.

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Deferred tax assets (liabilities) are attributable to the following:

	December 31, 2020	December 31, 2019	December 31, 2018
Loss carryforwards	$ 5,303,168	$ 3,173,256	$ 708,094
Share issue costs	1,381,446	795,041	977,881
Exchange rate difference on monetary assets	563,080	125,520	(100,337)
Accrued expenses	49,129	-	-
Property and equipment	(1,251,229)	(1,424,886)	-
Licenses	(543,779)	-	-
Deferred tax assets (liabilities)	$ 5,501,814	$ 2,668,931	$ 1,585,638
Valuation allowance	$ (5,912,173)	$ (2,668,931)	$ (1,585,638)
Net deferred tax liability	$ (410,359)	$ -	$ -

As at December 31, 2020, the Company has $12,013,192 (December 31, 2019 - $6,810,981) in Canadian non-capital loss carryforwards that expire between 2035 and 2040. In addition, as at December 31, 2020, the Company has U.S. federal Net Operating Losses of $9,692,291 (December 31, 2019 - $6,515,931). The U.S federal Net Operating Losses attributable to 2019 will expire in 2039 and the losses attributable to 2020 onward will have an indefinite carry forward. As at December 31, 2020, the Company has California state Net Operating Losses of $953,517. The California State Net Operating will expire in 2040.

In March 2020, the U.S. enacted the Coronavirus Aid, Relief, and Economic Security Act (the "Act"). The Act, among other provisions, reinstates the ability of corporations to carry net operating losses back to the five preceding tax years, has increased the excess interest limitation on modified taxable income from 30 percent to 50 percent. The Company has made a reasonable estimate of the effects on existing deferred tax balances and has concluded that the Act has not had a significant on the deferred tax balances.

Planet 13 Holdings Inc.
Notes to the consolidated financial statements
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The Company believes that, pursuant to Section 7874 of the Code, even though it is organized as a Canadian corporation, the Company should be treated as a U.S. domestic corporation for U.S. federal income tax purposes. Because the Company is a taxable corporation in Canada, it is likely to be subject to income taxation in both the United States and Canada on the same income, which in turn, may reduce the amount of income available for distribution to shareholders. The balance of this discussion assumes the Company is a U.S. domestic corporation for U.S. federal income tax purposes. However, no tax opinion or ruling from the Internal Revenue Service ("IRS") concerning the U.S. federal income tax characterization of the Company has been obtained and none will be requested. Thus, there can be no assurance that the IRS will not challenge the characterization of the Company as a domestic corporation, or that if challenged, a U.S. court would not agree with the IRS. If the Company is not treated as a U.S. domestic corporation, then the acquisition, ownership and disposition of common shares, warrants and common shares received on the exercise of warrants may have materially different implications for Non-U.S. Holders.

16. General and administrative

	December 31, 2020	December 31, 2019	December 31, 2018
Salaries and wages	**$ 9,611,047**	$ 6,941,111	$ 3,151,509
Executive compensation	**1,204,925**	874,598	553,814
Licenses and permits	**1,957,183**	1,704,755	589,178
Payroll taxes and benefits	**1,971,215**	1,531,261	641,906
Supplies and office expenses	**960,456**	1,184,401	1,222,053
Subcontractors	**1,569,921**	1,272,414	1,024,175
Professional fees (legal, audit and other)	**2,944,706**	2,723,555	600,877
Miscellaneous general and administrative expenses	**4,684,145**	4,175,392	1,799,864
Share-based compensation expense (Note 13)	**2,512,568**	4,822,787	2,663,679
	$ 27,416,166	$ 25,230,274	$ 12,247,055

17. Supplemental cash flow information

	Years ended		
Change in working capital	**December 31, 2020**	**December 31, 2019**	**December 31, 2018**
HST receivable	**$ (91,533)**	$ 85,287	$ (101,831)
Inventory	**(159,401)**	(284,626)	(2,071,808)
Prepaid expenses and other assets	**1,160,976**	(2,357,578)	(1,299,148)
Long term deposits and other assets	**(359,842)**	(100,262)	(594,339)
Accounts payable	**451,998**	(859,267)	798,672
Accrued expenses	**934,668**	603,902	250,318
Income tax payable	**(5,713,518)**	4,891,922	1,008,155
Other liabilities	**-**	28,000	427,508
	$ (3,776,652)	$ 2,007,378	$ (1,582,473)
Cash paid			
Income taxes	**$ 12,953,454**	$ -	$ 1,270,862
Non-cash financing and investing activities			
Carrying value of warrants exercised	**$ 15,708,309**	$ 5,684,960	$ 2,307,811
Carrying value of RSUs settled	**$ 3,313,149**	$ 3,245,016	$ -
Carrying value of options exercised	**$ 179,908**	$ 165,071	$ -
Licenses and intangible assets	**$ 4,997,610**	$ -	$ -
MMDC conversion of notes payable to equity	**$ -**	$ -	$ 6,743,780
Shares issued to former Carpincho shareholders	**$ -**	$ -	$ 4,040,637
Construction in progress in accounts payable	**$ 369,066**	$ -	$ 589,935
Lease Liabilities and Right of use assets	**$ 11,229,477**	$ 2,024,771	$ -
Additions to buildings and structures on ASC 842 adoption	**$ -**	$ 8,789,741	$ -
Addition to lease liabilities on ASC 842 adoption	**$ -**	$ 8,307,650	$ -
Reclassification of prepaid rent to lease liabilities on ASC 842 adoption	**$ -**	$ 54,584	$ -

Planet 13 Holdings Inc.
Notes to the consolidated financial statements
(in United States dollars)
For the years ended December 31, 2020, 2019 and 2018

18. Related party transactions and balances

Related party transactions are summarized as follows:

a) Building Lease

The Company is the sub-lessee of approximately 2,000 square feet of office space and purchases certain printed marketing collateral and stationery items from a company owned by one of the Company's Co-CEO. Amounts paid for rent for each of the years ended December 31, 2020, 2019 and 2018 was $24,040 each year. Amounts paid for printed marketing collateral and stationery items to the same company were $170,009, $279,457, and $8,769 for the years ended December 31, 2020, 2019 and 2018 respectively.

The Company leased a cultivation facility from an entity owned by the Company's co-CEOs. Rent paid for this facility for the years ended December 31, 2020, 2019 and 2018 was $339,688, $nil, and nil. On April 30, 2021, the Company's Co-CEOs sold this building to an arm's length third party who assumed the lease.

Prior to September 2018, the Company leased approximately 15,000 square feet of office and production space for the Company's Clark County Cultivation facility from a limited partnership controlled by one of the Co-CEOs of the Company. On September 26, 2018, the property was acquired by an arm's length third party. Related-party rents paid under this lease for the year ended December 31, 2020, 2019 and 2018 totaled $nil, $nil and $384,010, respectively.

(b) Officer Compensation

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and board of directors. The following table summarizes amounts paid to related parties as compensation for the year ended December 31, 2020, 2019 and 2018:

	Year ended December 31,	Remuneration or fees	Share based payments	Included in accounts payable
Management compensation	**2020**	**$ 1,796,223**	**$ 1,803,894**	**29,202**
	2019	1,526,638	3,259,729	-
	2018	1,622,682	1,851,747	4,000
Director Compensation	**2020**	**-**	**282,687**	**-**
	2019	-	407,598	-
	2018	-	332,795	-

(c) Strategic disbursement

On or around June 28, 2018, the landlord for the Company's Clark County cultivation facility, who is also one of the Company's Co-CEOs, notified that the Company that the mortgage holder of the loan secured by such location was considering foreclosure action against the facility due to the Company's business conducted therein. The landlord further indicated that the building was listed for sale and that it was anticipated that a sale would be completed before December 31, 2018. In connection therewith, and in order to ensure the Company's ability to continue to use the leased premises, the Company made a strategic disbursement of $1,254,862 to the holder of the note secured by the facility. This disbursement was secured by a promissory note bearing interest at 3.95% from July 18, 2018 to July 17, 2019 and then 8% annually after, a deed of trust and a personal guarantee. The note and accrued interest thereon, was repaid on September 28, 2018. Interest earned on the promissory note is included in Interest expense, net on the consolidated statements of operations and comprehensive loss.

(d) Other

A company owned by one of the Company's executives pays the Company for storage space. Amounts paid to the Company for storage space was $62,720 for the year ended December 31, 2020, respectively (2019 and 2018 – *nil*).

Planet 13 Holdings Inc.
Notes to the consolidated financial statements
(in United States dollars)
For the years ended December 31, 2020, 2019 and 2018

19. Commitments and contingencies

(a) Construction Commitments

On December 31, 2020 the Company had construction commitments outstanding of $*nil* (2019 – $4,516,513, 2018 - $281,150) related to the Phase II build-out of the Company's Planet 13 cannabis entertainment complex. On December 14, 2020 the Company entered into a Guaranteed Maximum Price Construction Agreement for the phase I build out of its planned Planet 13 Orange County cannabis entertainment complex in Santa Ana California.

The construction commitment as at December 31, 2020 was $7,084,300 (December 31, 2019 and 2018- $*nil*).

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations at December 31, 2020, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At December 31, 2020, 2019, and 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

(d) Operating Licenses

Although the possession, cultivation, and distribution of marijuana for medical and adult use is permitted in Nevada, marijuana is a Schedule-I controlled substance and its use remains a violation of federal law. Since federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in the Company's inability to proceed with our business plans. In addition, the Company's assets, including real property, cash, equipment, and other goods, could be subject to asset forfeiture because marijuana is still federally illegal.

Planet 13 Holdings Inc.
Notes to the consolidated financial statements
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20. Risks

Credit risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. Credit risk arises from cash with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties.

The Company evaluates the collectability of its accounts receivable and maintains an allowance for credit losses at an amount sufficient to absorb losses inherent in the existing accounts receivable portfolio as of the reporting dates based on the estimate of expected net credit losses.

Concentration risk

The Company operates exclusively in Southern Nevada. Should economic conditions deteriorate within that region, its results of operations and financial position would be negatively impacted.

20. Risks (continued)

Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in US federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that US federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the US banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the business of the Company and leaves their cash holdings vulnerable.

Asset Forfeiture Risk

Because the cannabis industry remains illegal under US federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which with minimal due process, it could be subject to forfeiture.

Currency rate risk

As at December 31,2020, a portion of the Company’s financial assets and liabilities held in Canadian dollars consist of cash and cash equivalents of $21,771,531 (2019 - $1,093,191, 2018 - $17,801,634). The Company’s objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company is exposed to currency rate risk in other comprehensive income, relating to foreign subsidiaries which operate in a foreign currency. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time.

21. COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of this contagious disease, along with the related adverse public health developments, have negatively affected workforces, economies, and financial markets on a global scale. The Company incurred lower revenues, and additional expenditures related to COVID-19 during the first half of 2020. During the first half of 2020 the Company’s operations in Nevada were mandated as an essential service but were restricted to delivery only, with no curb-side pickup or instore sales permitted until such delivery-only order was lifted on May 30, 2020. The Company’s operating results were not materially impacted during the second half of 2020. Currently, the Company is closely monitoring the impact of the pandemic on all aspects of its business and it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations.

Planet 13 Holdings Inc.
Notes to the consolidated financial statements
(in United States dollars)
For the years ended December 31, 2020, 2019 and 2018

22. Subsequent events

During fiscal 2021, the Company has failed the FPI test in accordance with Rule 405 of Regulation C under the Securities Act and Rule 3b-4 under the Exchange Act. As a result, the Company expects to become subject to the same registration and disclosure requirements applicable to U.S. domestic issuers effective January 1, 2022.

On December 22, 2020, the Company issued a Notice of Accelerated Expiry to the Odyssey Trust Company, the warrant agent, and all registered holders of the December 4, 2018 warrants effective on that date. The Company has chosen to accelerate the expiry time of the warrants to 5:00 PM EST on January 28, 2021.

On January 8, 2021, the Company issued 93,002 common shares on the exercise of options that had a strike price of CAD$0.80 per common share resulting in cash proceeds of $58,758 (CAD$74,402).

On January 8, 2021, the Company issued 16,667 common shares on the exercise of options that had a strike price of CAD$1.55 per common share resulting in cash proceeds of $20,444 (CAD$25,835).

Planet 13 Holdings Inc.
Notes to the consolidated financial statements
(in United States dollars)
For the years ended December 31, 2020, 2019 and 2018

22. Subsequent events (continued)

On July 9, 2021, the Company issued 11,667 common shares on the exercise of options that had a strike price of CAD$0.75 per common share resulting in cash proceeds of $7,014 (CAD$8,750)

On February 2, 2021, the Company completed a bought deal financing for aggregate gross proceeds of $53,852,980 (CAD$69,028,750). A total of 9,861,250 units of the Company were issued at a price of CAD$7.00 per unit. Each unit consists of one common share in the capital of the Company and one-half (1/2) of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$9.00 for a period of 24 months from the closing of the financing.

Between January 1, 2021 and December 9, 2021, the Company issued 3,772,640 common shares on the exercise of common share purchase warrants and realized cash proceeds of $14,110,566.

On January 8, 2021, the Company issued 852,154 common shares on the vesting of RSU that were outstanding. The Company did not receive any cash proceeds from the issuance.

On April 19, 2021, the Company granted 4,082,474 RSUs to officers, directors, and employees pursuant to the Company's RSU Plan. The RSUs granted vest in three equal tranches on November 1, 2021, November 1, 2022, and November 1, 2023, unless otherwise varied pursuant to the terms of the plan.

On June 10, 2021, the Company granted 3,704 RSUs to a consultant of the Company. Pursuant to the Company's RSU Plan. The RSUs vested immediately and were exercised on June 10, 2021. The company issued 3,704 common shares on the exercise and did not receive any cash proceeds from the issuance.

On July 9, 2021, the Company issued 59,945 common shares on the exercise of Restricted Share Units that had vested during the period.

In total the Company transferred $1,898,979 to share capital from Restricted Share Units, representing the carrying value of the RSUs that were exercised during the period January 1, 2021 and November 30, 2021

On August 5, 2021, the Company's subsidiary, Planet 13 Illinois LLC, won a Conditional Adult Use Dispensing Organization License in the Chicago-Naperville-Elgin region from the Illinois Department of Financial and Professional Regulation. Planet 13 Illinois LLC is owned 51% by Frank Cowan and 49% by the Company.

On October 1, 2021, the Company completed the purchase of a license issued by the Florida Department of Health to operate as a Medical Marijuana treatment Center (the "License") in the state of Florida for $55,000,000 in cash.

On December 9, 2021, the Company issued 2,212,974 common shares on the exercise of Restricted Share Units that had vested during the period.

On December 20, 2021, the Company entered into a definitive arrangement agreement with Next Green Wave Holdings Inc. pursuant to which the Company will acquire all of the issued and outstanding common shares of Next Green Wave Holdings Inc. by way of a court approved plan of arrangement, for total consideration of approximately CAD$91 million. Under the terms of the definitive arrangement agreement, based on the pricing of both the Company's common shares and the Next Green Wave Holdings Inc. common shares as of December 17, 2021, shareholders of Next Green Wave Holdings Inc. will receive 0.1081 of a common share of the Company (subject to adjustments) and CAD$0.0001 in cash, for each Next Green Wave Holdings Inc. common share held. The transaction will be effected by way of a plan of arrangement under the Business Corporations Act (British Columbia) and is subject to, among other things, approval of the Next Green Wave Inc. shareholders at a special meeting expected to be held in February 2022.

Planet 13 Holdings Inc.
Interim condensed consolidated balance sheet

(Unaudited, in United States dollars except per share amounts) As at	Note	September 30, 2021	December 31, 2020
Assets			
Current			
Cash		**$ 73,694,308**	$ 79,000,850
Restricted cash	**5**	**55,000,000**	-
Accounts receivable, net		**831,158**	436,874
Income taxes receivable	**13**	**168,251**	-
Inventory	**3**	**13,223,061**	6,919,840
Prepaid expenses and other current assets	**7**	**5,823,259**	2,198,005
Total current assets		**148,740,037**	88,555,569
Property and equipment	**4**	**42,506,758**	32,073,925
Intangible assets	**5**	**7,809,201**	7,551,141
Right-of-use assets – operating	**6**	**20,648,053**	20,497,895
Right-of-use assets – finance	**6**	**6,499**	44,672
Long-term deposits and other assets		**1,066,819**	1,054,443
Deferred tax asset	**13**	**3,654**	-
Total asset		**$ 220,781,021**	$ 149,777,645
Liabilities			
Current			
Accounts payable		**$ 4,134,376**	$ 1,681,027
Accrued expenses	**8**	**6,821,741**	2,844,714
Income taxes payable	**13**	**-**	1,446,235
Notes payable – current portion	**8**	**884,000**	884,000
Operating lease liability – current portion	**6**	**394,331**	161,021
Finance lease liability – current portion	**6**	**7,122**	46,372
Total current liabilities		**12,241,570**	7,063,369
Operating lease liabilities	**6**	**23,156,583**	22,365,892
Warrant liability	**10**	**9,910,509**	13,204,211
Other long-term liabilities		**28,000**	28,000
Deferred tax liabilities	**13**	**-**	410,359
Total liabilities		**45,336,662**	43,071,831
Commitments and contingencies	**17**		
Shareholders' equity			
Common shares, no par value, unlimited Common Shares authorized, 196,463,519 issued and outstanding at September 31, 2021 and 181,806,190 at December 31, 2020	**9**	**-**	-
Class A Restricted shares, no par value, unlimited Class A Restricted share authorized, nil issued and outstanding at September 30, 2021 and 5,619,119 at December 31, 2020	**9**	**-**	-
Additional paid in capital		**242,458,423**	159,399,056
Deficit		**(67,014,064)**	(52,693,242)
Total shareholders' equity		**175,444,359**	106,705,814
Total liabilities and shareholders' equity		**$ 220,781,021**	$ 149,777,645

On behalf of the Board:

Michael Harman
Director

Adrienne O'Neal
Director

See accompanying notes to the interim condensed consolidated financial statements

Planet 13 Holdings Inc.
Interim condensed consolidated statements of operations and comprehensive loss
(Unaudited, in United States dollars, except per share amounts)

	Note	Three months ended		Nine months ended	
		September 30, 2021	September 30, 2020	**September 30, 2021**	September 30, 2020
Net revenues	19	**$ 32,952,254**	$ 22,797,338	**$ 89,612,050**	$ 50,351,336
Cost of goods sold		**(15,235,120)**	(10,244,725)	**(39,827,876)**	(23,853,435)
Gross profit		**17,717,134**	12,552,613	**49,784,174**	26,497,901
Expenses					
General and administrative	14	**19,788,627**	6,791,019	**44,185,685**	19,553,836
Sales and marketing		**1,959,579**	991,215	**4,162,934**	2,684,174
Lease expense	6	**673,878**	612,329	**1,934,138**	1,502,412
Depreciation and amortization	4 & 6	**1,376,520**	945,537	**3,325,524**	2,753,936
Total expenses		**23,798,604**	9,342,100	**53,608,281**	26,494,358
(Loss) income from operations		**(6,081,470)**	3,210,513	**(3,824,107)**	3,543
Other income (expense)					
Interest expense, net		**(8,111)**	(13,367)	**(23,698)**	(23,914)
Foreign exchange gain/(loss)		**362,402**	(169,684)	**1,805,953**	266,003
Transaction costs	10	**-**	(135,075)	**(256,666)**	(135,075)
Change in fair value of warrant liability	10	**6,240,073**	(3,959,128)	**(2,728,386)**	423,917
Other income		**152,466**	174,145	**338,890**	250,212
		6,746,830	(4,103,109)	**(863,907)**	781,143
Income (loss) before income taxes		**665,360**	(892,596)	**(4,688,014)**	784,686
Current income tax expense	13	**(3,601,904)**	(4,819,639)	**(10,046,821)**	(7,757,805)
Deferred income tax recoveries	13	**203,273**	65,621	**414,013**	175,833
Net loss and comprehensive loss for the period		**$ (2,732,461)**	$ (5,646,614)	**$ (14,320,822)**	$ (6,797,286)
Loss per share					
Basic and diluted loss per share	12	**$ (0.01)**	$ (0.03)	**$ (0.07)**	$ (0.05)
Weighted average number of common shares					
Basic and diluted	12	**196,457,950**	162,624,567	**194,576,544**	148,587,612

See accompanying notes to the interim condensed consolidated financial statements

Planet 13 Holdings Inc.
Interim condensed consolidated statements of changes in shareholders' (deficit) equity
(Unaudited, in United States dollars, except per share amounts)

	Note	Common share capital	Number of Class A restricted shares	Warrants	Additional Paid in Capital	Accumulated Deficit	Total Equity
Balance January 1, 2020		82,427,619	55,232,940	587,715	$ 58,747,851	$ (27,592,605)	$ 31,155,246
Shares issued for acquisition	5,9	3,940,932	(3,940,932)	-	4,453,831	-	4,453,831
Shares issued for acquisition	5,9	1,374,833	3,940,932	-	2,918,277	-	2,918,277
Shares issued on settlement of RSUs	9,11	2,685,344	-	-	1,954,834	-	1,954,834
Shares issued on exercise of broker warrants	9	548,501	-	(548,501)	1,035,194	-	1,035,194
Shares issued on exercise of warrants	9,10	11,771,867	-	-	22,783,870	-	22,783,870
Shares issued on exercise of options	9,11	233,001	-	-	156,419	-	156,419
Issuance of share options	11	-	-	-	51,233	-	51,233
Shares issued on bought deal financings - net	9	11,580,500	-	694,830	22,799,200	-	22,799,200
Net (loss) for the period		-	-	-	-	(6,797,286)	(6,797,286)
Balance September 30, 2020		114,562,597	55,232,940	734,044	$ 114,900,709	$ (34,389,891)	$ 80,510,818
Balance, January 1, 2021		126,573,250	55,232,940	150,963	$ 159,399,056	$ (52,601,334)	$ 106,797,722
Shares issued on conversion	9	55,232,940	(55,232,940)	-	-	-	-
Shares issued on settlement of RSUs	9,11	915,803	-	-	12,208,463	-	12,208,463
Shares issued on exercise of broker warrants	9	446,801	-	(446,801)	2,163,065	-	2,163,065
Shares issued on exercise of other warrants	9,10	3,312,139	-	-	20,868,784	-	20,868,784
Shares issued on exercise of options	9,11	121,336	-	-	86,216	-	86,216
Share based compensation - options	11	-	-	-	3,104	--	3,104
Shares issued in private placements - net	9	9,861,250	-	591,676	47,729,735		47,729,735
Net (loss) for the period		-	-	-	-	(14,320,822)	(14,117,549)
Balance, September 30, 2021		196,463,519	-	295,838	$ 242,458,423	$ (67,014,064)	$ 175,444,359

See accompanying notes to the interim condensed consolidated financial statements

Planet 13 Holdings Inc.
Interim condensed consolidated statements of cash flows
(Unaudited, in United States dollars, except per share amounts)

	Note	Nine months ended September 30, 2021	Nine months ended September 30,2020
Cash provided by (used in)			
Operating activities			
Net loss		**$ (14,320,822)**	$ (6,797,286)
Adjustments for items not involving cash			
Non-cash compensation expense	9 & 16	**12,211,567**	2,006,067
Non-cash lease expense		**3,332,858**	2,329,065
Depreciation and amortization	4 & 5	**4,725,546**	3,884,497
Deferred tax liability	13	**(414,013)**	(175,833)
Fair value change on warrant liability	10	**2,728,386**	(423,917)
Change in fair value of warrant liability	10	**48,924**	(555,118)
Transaction costs	9	**256,666**	135,074
Unrealized (gain) loss on foreign currency exchange		**(35,558)**	(145,000)
Net changes in non-cash working capital items	15	**(6,290,402)**	9,961,575
Repayment of lease liabilities	6	**(2,469,078)**	(1,463,920)
Total operating		**(225,926)**	8,755,204
Financing activities			
Proceeds from private placements	9	**53,852,980**	25,983,029
Proceeds from exercise of warrants and options	9	**14,162,689**	16,941,543
Financing issuance cost expense	9	**(3,494,930)**	(2,116,575)
Total financing		**64,520,739**	40,807,997
Investing activities			
Purchase of property, plant and equipment	4	**(14,560,627)**	(3,027,445)
Purchase of licenses	5	**(258,060)**	(2,760,020)
Proceeds on disposal of property and equipment	4	**194,214**	-
Total investing		**(14,624,473)**	(5,787,465)
Effect of foreign exchange on cash		**23,118**	170,412
Net change in cash during the period		**49,693,458**	43,946,148
Cash			
Beginning of period		**79,000,850**	12,814,712
End of period		**$ 128,694,308**	$ 56,760,860
Cash		**$ 73,694,308**	$ 56,760,860
Restricted cash and cash equivalents		**55,000,000**	-
Cash, restricted cash and cash equivalents		**$ 128,694,308**	$ 56,760,860

Supplemental cash-flow information (Note 15)

See accompanying notes to the interim condensed consolidated financial statements

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

1. Nature of operations

Planet 13 Holdings Inc. (formerly Carpincho Capital Corp.) ("P13" or the "Company") was incorporated under the Canada Business Corporations Act on April 26, 2002 and continued under the British Columbia Business Corporations Act on September 24, 2019.

MM Development Company, Inc. ("MMDC") is a privately held corporation existing under the laws of the State of Nevada. MMDC, founded on March 20, 2014, is a vertically integrated cultivator and provider of cannabis and cannabis-infused products licensed under the laws of the State of Nevada, with two licenses for cultivation, two licenses for production, and two dispensary licenses (one medical license and one recreational license). On June 11, 2018 MMDC completed a reverse-takeover ("RTO") of Carpincho Capital Corp. Upon completion of the RTO, the shareholders of MMDC obtained control of the consolidated entity of P13. In accordance with ASC 805 Business Combinations ("ASC 805"), MMDC was identified as the accounting acquirer, and, accordingly, P13 is considered to be a continuation of MMDC, with the net assets of the Company at the date of the RTO deemed to have been acquired by MMDC (Note 4).

The Company is a vertically integrated cultivator and provider of cannabis and cannabis-infused products licensed under the laws of the State of Nevada, with six licenses for cultivation (three medical and three recreational), six licenses for production (three medical and three recreational), and three dispensary licenses (one medical and two recreational). In addition, the Company holds one recreational dispensary license in the city of Santa Ana, California.

P13 is a public company which is listed on the Canadian Securities Exchange ("CSE") under the symbol "PLTH" and the OTCQX exchange under the symbol "PLNHF".

The Company's registered office is located at 595 Howe Street, 10th floor, Vancouver, BC V6C 2T5 and the head office address is 2548 West Desert Inn. Rd, Las Vegas, NV 89109.

While cannabis and CBD-infused products are legal under the laws of several U.S. states (with varying restrictions applicable), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug, whether for medical or recreational use. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for use under medical supervision.

The federal government currently is prohibited by statute from prosecuting businesses that operate in compliance with applicable state and local medical cannabis laws and regulations; however, this does not protect adult use cannabis. In addition, if the federal government changes this position, it would be financially detrimental to the Company.

2. Basis of presentation and summary of significant accounting policies

These unaudited interim condensed consolidated financial statements reflect the accounts of the Company and have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in the audited annual consolidated financial statement prepared in accordance with U.S. GAAP have been omitted or condensed. The information included in the interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in this Form 10 for the year ended December 31, 2020 (the "Annual Financial Statements"). These financial statements reflect all adjustments (consisting of normal recurring adjustments), which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

These interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

2. Basis of presentation and summary of significant accounting policies (continued)

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These interim condensed consolidated financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. These interim condensed consolidated financial statements are presented in U.S. dollars, which is also the Company's and its subsidiaries' functional currency.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on January 25, 2022.

i. Basis of consolidation

The accompanying interim condensed consolidated financial statements include the accounts of the Company and all subsidiaries. Subsidiaries are entities in which the Company has a controlling voting interest or is the primary beneficiary of a variable interest entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. All intercompany accounts and transactions have been eliminated on consolidation. The interim condensed consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating intercompany balances and transactions.

These consolidated financial statements include the accounts of the Company and the following entities which are subsidiaries of the Company:

Subsidiaries as at September 30, 2021	Jurisdiction of incorporation	Ownership interest 2021	Ownership interest 2020	Nature of business
MM Development Company, Inc. ("MMDC")	USA	100%	100%	Vertically integrated cannabis operations
BLC Management Company LLC. ("BLC")	USA	100%	100%	Management company
LBC CBD LLC. ("LBC")	USA	100%	100%	CBD retail sales and marketing
Newtonian Principles Inc.	USA	100%	-	Cannabis retail sales
MM Development MI, Inc.	USA	100%	100%	Holding company
MM Development CA, Inc.	USA	100%	100%	Holding company
MMDC Casa Holdings, Inc	USA	-	100%	Holding company
PLTHCA SA, Inc.	USA	-	100%	Holding company
Planet 13 Illinois, LLC	USA	49%	-	Holding company
Planet 13 Florida, LLC	USA	100%	-	Holding company
BLC NV Food, LLC	USA	100%	100%	Food retailing
By The Slice, LLC	USA	100%	-	Food retailing

ii. Functional currency

The Company's functional currency is the United States dollar ("USD"), and management has chosen to present these consolidated financial statements in USD. The functional currency of the Company's subsidiaries is USD. All amounts are presented in USD values unless otherwise stated.

Canadian currency transactions are translated into USD at exchange rates in effect on the date of the transaction. Monetary assets and liabilities denominated in Canadian dollars are translated to USD at the foreign exchange rate applicable at the end of each reporting period.

Realized and unrealized exchange gains and losses are recognized in the consolidated statement of operations and comprehensive loss. Non-monetary assets and liabilities that are measured in terms of historical cost in CAD are translated using the exchange rate at the date of the transaction.

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

2. Basis of presentation and summary of significant accounting policies (continued)

The assets and liabilities are translated into US dollars at period end exchange rates. Income and expenses, and cash flows are translated into USD using the average exchange rate. Exchange differences resulting from the translation of Canadian operations are recognized in the interim condensed consolidated statement of operations and comprehensive loss.

iii. Use of estimates

The preparation of these consolidated financial statements and accompanying notes in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

iv. Restricted cash

Restricted cash includes cash held in escrow by third-party escrow agent.

3. Inventory

Finished goods inventory consists of dried cannabis, concentrates, edibles, and other products that are complete and available for sale (both internally generated inventory and third-party products purchased in the wholesale market). Work in process inventory consists of cannabis after harvest, in the processing stage. Packaging and miscellaneous consist of consumables for use in the transformation of biological assets and other inventory used in production of finished goods. The Company's inventories are comprised of:

	September 30, 2021	December 31, 2020
Raw materials	**$ 2,216,916**	**$ 1,292,310**
Packaging and miscellaneous	**1,348,892**	**566,157**
Work in progress	**2,864,236**	**1,801,434**
Finished goods	**6,793,017**	**3,259,939**
	$ 13,223,061	**$ 6,919,840**

Cost of inventory is recognized as an expense when sold and included in cost of goods sold. During the three and nine months ended September 30, 2021, the Company recognized $15,235,120 and $39,827,876 (September 30, 2020 - $10,244,725 and $23,853,435) of inventory expensed to cost of goods sold.

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

4. Property and equipment

	Land and land Improvements	Buildings and structures	Equipment	Leasehold improvements	Construction in progress	Total
Gross carrying amount						
Balance as at December 31, 2020	$ 625,146	$ 1,707,894	$ 6,237,256	$ 30,448,042	$ 3,367,255	$ 42,385,593
Additions	-	-	1,683,229	1,365,921	12,286,430	15,335,580
Transfers	-	-	1,810,355	12,047,542	(13,857,897)	-
Disposals	-	-	-	-	(190,759)	(190,759)
Balance as at September 30, 2021	**$ 625,146**	**$ 1,707,894**	**$ 9,730,840**	**$ 43,861,505**	**$ 1,605,029**	**$ 57,530,414**
Depreciation						
Balance as at December 31, 2020	$ 127,931	$ 203,750	$ 2,259,925	$ 7,720,062	$ -	$ 10,311,668
Additions	38,396	32,023	1,014,950	3,640,177	-	4,725,546
Disposals	-	-	(1,197)	(12,361)	-	(13,558)
Balance as at September 30, 2021	**$ 166,327**	**$ 235,773**	**$ 3,273,678**	**$ 11,347,878**	**$ -**	**$ 15,023,656**
Carrying amount						
December 31, 2020	**$ 497,215**	**$ 1,504,144**	**$ 3,977,331**	**$ 22,727,980**	**$ 3,367,255**	**$ 32,073,925**
September 30, 2021	**$ 458,819**	**$ 1,472,121**	**$ 6,457,162**	**$ 32,513,627**	**$ 1,605,029**	**$ 42,506,758**

As at September 30, 2021, costs related to the construction of facilities were capitalized as construction in progress and not depreciated. Depreciation will commence when construction is completed, and the facility is available for its intended use. Once construction is completed, the construction in progress balance is moved to the appropriate account and depreciation commences. The contractual construction commitment as of September 31, 2021 was $6,610,568 (December 31, 2020 – $7,084,300) (Note 17).

For the nine months ended September 30, 2021, depreciation expense was $4,725,546 (2020 - $3,886,973) of which $1,378,124 (2020 - $1,167,206) was included in cost of goods sold.

5. Intangible assets

	Retail Dispensary Santa Ana	Retail Dispensary Clark County	Cultivation and Production Clark County	Florida Master License	Total
Gross carrying amount					
Balance, December 31, 2020	$ 6,151,343	$ 690,000	$ 709,798	$ -	$ 7,551,141
Additions	-	-	-	258,060	258,060
Balance, September 30, 2021	$ 6,151,343	$ 690,000	$ 709,798	$ 258,060	$ 7,809,201

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

5. Intangible assets (continued)

Florida license acquisition and restricted cash

On September 28, 2021, the Florida Department of Health's Office of Medical Marijuana Use ("OMMU") approved the Company to acquire a license to operate as a Medical Marijuana Treatment Center issued by the Florida Department of Health from a subsidiary of Harvest Health & Recreation Inc. As of September 30, 2021, the Company deposited $55,000,000 with an escrow agent per the terms of the license acquisition agreement. The acquisition closed with an effective date of October 1, 2021, and the Company released $55,000,000 of restricted cash that was being held in escrow to the seller in exchange for receipt of the Medical Marijuana Treatment Center license (Note 20).

The Company capitalized costs associated with the pending license acquisition in the amount of $258,060 that had been incurred up to that date

6. Leases

The Company's lease agreements are for cultivation, manufacturing, retail, and office premises and for vehicles. The property lease terms range between 7 years and 21 years depending on the facility and are subject to an average of 2 renewal periods of equal length as the original lease. Leases for vehicles are typically between 4 years and 6 years with no renewal terms. Certain leases include escalation clauses or payment of executory costs such as property taxes, utilities, or insurance and maintenance. Rent expense for leases with escalation clauses is accounted for on a straight-line basis over the lease term. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides the components of lease cost recognized in the interim condensed consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2021:

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Operating lease costs	**$ 1,131,328**	$ 999,247	**$ 3,306,488**	$ 2,171,921
Finance lease cost:				
Amortization of lease liabilities	**13,086**	11,700	**38,173**	34,166
Interest on lease liabilities	**608**	2,488	**3,295**	8,731
Finance lease cost	**13,694**	14,188	**41,468**	42,897
Short term lease expense	**4,289**	1,520	**12,866**	4,560
Total lease costs	**$ 1,149,311**	$ 1,014,955	**$ 3,360,822**	$ 2,219,387

Other information related to operating and finance leases as of and for the nine months ended September 30, 2021 are as follows:

	Operating Lease	**Finance Lease**
Weighted average discount rate	**15.00%**	**15.00%**
Weighted average remaining lease term (in years)	**16.21**	**0.14**

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

6. Leases (continued)

The maturity of the contractual undiscounted lease liabilities as of September 30, 2021:

	Financing Lease	Operating Lease
2021	$ 7,258	$ 3,562,176
2022	-	3,695,766
2023	-	3,834,683
2024	-	3,953,471
2025	-	3,910,993
Thereafter	-	55,089,826
Total undiscounted lease liabilities	7,258	74,046,914
Interest on lease liabilities	136	50,496,000
Total present value of minimum lease payments	7,122	23,550,914
Lease liability – current portion	7,122	394,331
Lease liability	**$ -**	**$ 23,156,583**

Additional information on the right-of-use assets by class of assets is as follows:

	Finance lease	Operating lease
Gross carrying amount		
Balance, December 31, 2020	$ 133,561	$ 21,962,564
Additions	-	867,561
Balance, September 30, 2021	$ 133,561	$ 22,830,125
Depreciation		
Balance, December 31, 2020	$ 88,889	$ 1,464,669
Additions	38,173	717,403
Balance, September 30, 2021	$ 127,062	$ 2,182,072
Carrying amount December 31, 2020	**$ 44,672**	**$ 20,497,895**
Carrying amount September 30, 2021	**$ 6,499**	**$ 20,648,053**

For the three and nine months ended September 30, 2021, the Company incurred $1,131,328 and $3,306,448 of operating lease costs respectively (September 30, 2020 - $999,247 and $2,171,920), of which $457,450 and $1,372,350 (September 30, 2020 - $386,918 and $669,508) was capitalized to inventory or included within cost of goods sold.

7. Prepaid expenses and other current assets

	September 30, 2021	December 31, 2020
Security deposits	**$ 4,382,369**	$ 1,031,255
Funds awaiting settlement	**-**	1,263
HST receivable	**49,144**	103,445
Insurance	**587,764**	550,946
Prepaid rent and other	**803,982**	511,096
	$ 5,823,259	$ 2,198,005

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

8. Accrued expenses

	September 30, 2021	December 31, 2020
Payroll	**$ 2,776,842**	$ 368,032
Excise and other taxes	**2,255,637**	940,892
Loyalty program	**651,432**	230,638
Other	**1,137,830**	1,305,152
	$ 6,821,741	$ 2,844,714

9. Share capital

Unlimited number of common shares and unlimited number of Class A shares.

		Number of Common Shares	
		September 30, 2021	December 31, 2020
Common shares			
Balance at January 1		**126,573,250**	82,427,619
Shares issued on settlement of RSUs	i.	**915,803**	2,685,344
Shares issued on exercise of options		**121,336**	333,001
Shares issued on exercise of warrants		**3,758,940**	17,532,271
Shares issued on financing - July 2020		**-**	5,359,000
Shares issued on financing - September 2020	v.	**-**	6,221,500
Shares issued on financing - November 2020		**-**	6,698,750
Shares issued on financing – February 2021		**9,861,250**	-
Shares issued on conversion of Class A shares (Note 5)		**55,232,940**	3,940,932
Shares issued on acquisition (Note 5)		**-**	1,374,833
Total common shares outstanding		**196,463,519**	126,573,250

i. Shares issued for Restricted Share Units

During the nine months ended September 30, 2021, the Company issued 915,803 common shares on the settlement of Restricted Share Units (“RSUs”) that had vested during the period. The Company did not receive any cash proceeds on the settlement and transferred $1,898,979 to share capital from the carrying value ascribed to the RSUs that were settled.

During the year ended December 31, 2020, the Company issued 2,685,344 common shares on the settlement of Restricted Share Units (“RSUs”) that had vested during the period. The Company did not receive any cash proceeds on the settlement and transferred $3,313,152 to share capital from the carrying value ascribed to the RSUs that were settled.

ii. Shares issued for Stock Options

During the nine months ended September 30, 2021, the Company issued 121,336 common shares on the exercise of options that had a strike price in the range of CAD$0.75 to CAD$1.55 per common share resulting in cash proceeds of $86,216 (CAD$108,987).

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

9. Share capital (continued)

During the year ended December 31, 2020, the Company issued 333,001 common shares on the exercise of options that had a strike price in the range of CAD$0.75 to CAD$1.55 per common share resulting in cash proceeds of $217,990 (CAD$290,983).

iii. Shares issued on the exercise of Warrants

During the nine months ended September 30, 2021, the Company issued 3,758,940 common shares to warrant holders who exercised 3,758,940 warrants resulting in cash proceeds of $14,076,473 (CAD$17,809,039).

During the year ended December 31, 2020, the Company issued 17,532,271 common shares to warrant holders who exercised 17,532,271 warrants resulting in cash proceeds of $32,653,449 (CAD$43,079,021).

iv. Shares issued on Financing – July 2020

On July 3, 2020, the Company completed a bought deal financing for aggregate gross proceeds of $8,493,808 (CAD$11,521,850) at a price of CAD$2.15 per unit. The Company issued 5,359,000 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$2.85 per common share for a period of 24 months.

The Company also issued 321,540 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$2.15 per common share. The broker warrants were measured based on the fair value of the warrants using a Black Scholes valuation model.

The Company incurred $825,359 in cash share issuance costs and $222,398 in broker warrant costs. The warrants are initially measured at fair value (Note 10) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

July 3, 2020 Financing	Gross Proceeds	Issuance Costs
Common Shares (APIC)	**8,118,500)**	(1,001,461
Warrant Liability (Note 10)	**375,308**	(46,296)
Total	**8,493,808**	(1,047,757)

v. Shares issued on Financing – September 2020

On September 10, 2020, the Company completed a bought deal financing for aggregate gross proceeds of $17,489,401 (CAD$23,019,550) at a price of CAD$3.70 per unit. The Company issued 6,221,500 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$5.00 per common share for a period of 24 months.

The Company also issued 373,290 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$3.70 per common share. The broker warrants were measured based on the fair value of the warrants using a Black Scholes valuation model.

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

9. Share capital (continued)

The Company incurred $1,291,216 in cash share issuance costs and $585,816 in broker warrant costs. The warrants are initially measured at fair value (Note 10) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

September 10, 2020 Financing	Gross Proceeds	Issuance Costs
Common Shares (APIC)	**16,662,200**	(1,788,253)
Warrant Liability (Note 10)	**827,201**	(88,779)
Total	**17,489,401**	(1,877,032)

vi. Shares issued on Financing – November 2020

On November 5, 2020, the Company completed a bought deal financing for aggregate gross proceeds of $22,141,920 (CAD$28,804,625) at a price of CAD$4.30 per unit. The Company issued 6,698,750 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$5.80 per common share for a period of 24 months.

The Company also issued 401,925 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$4.30 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model.

The Company incurred $1,544,014 in cash share issuance costs and $730,523 in broker warrant costs. The warrants are initially measured at fair value (Note 10) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

November 5, 2020 Financing	Gross Proceeds	Issuance Costs
Common Shares (APIC)	**20,777,360**	(2,134,362)
Warrant Liability (Note 10)	**1,364,560**	(140,175)
Total	**22,141,920**	(2,274,537)

vii. Shares issued on Financing – February 2021

On February 2, 2021, the Company completed a bought deal financing for aggregate gross proceeds of $53,852,980 (CAD$69,028,750) at a price of CAD$7.00 per unit. The Company issued 9,861,250 units of the Company. Each unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to acquire one common share at an exercise price of CAD$9.00 per common share for a period of 24 months.

The Company also issued 591,676 broker warrants that entitle the holder to purchase one common share for a period of 24 months from the closing of the offering at a price of CAD$7.00 per common share. The broker warrants were measured based on the fair market value of the warrants using a Black Scholes valuation model.

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
(Unaudited, in United States dollars, except per share amounts)

9. Share capital (continued)

The Company incurred $3,494,930 in cash share issuance costs and $1,296,170 in broker warrant costs. The warrants are initially measured at fair value (Note 10) with residual proceeds being allocated to the common shares. Issuance costs have been allocated in the same proportion, with costs allocated to the warrant liability being expensed as incurred. The net proceeds were allocated as follows:

February 2, 2021 Financing	Gross Proceeds	Issuance Costs
Common Shares (APIC)	**50,967,999**	(4,534,434)
Warrant Liability (Note 10)	**2,884,981**	(256,666)
Total	**53,852,980**	(4,791,100)

viii. Shares issued on conversion of Class A Shares

On May 6, 2021, the Company issued 55,232,940 common shares on the conversion of 55,232,940 Class A shares. As of September 30, 2021, there were no longer any Class A shares outstanding.

	Number of Class A Shares	
Class A shares	**September 30. 2021**	December 31, 2020
Balance at January 1	55,232,940	55,232,940
Shares issued on acquisition (Note 5)	-	3,940,932
Conversion of Class A to Common	(55,232,940)	(3,940,932)
Total Class A shares outstanding	**-**	**55,232,940**

The Class A restricted shares have equal ratable rights as the Company's common shares to dividends, all of the Company's assets that are available for distribution upon liquidation, dissolution or winding up of the Company's affairs, do not have pre-emptive rights, are entitled to receive notice and attend shareholders meetings and to exercise one vote for each Class A share held at all meetings of shareholders of the Company other than with respect to the vote for the election or removal of directors. Each Class A shareholder is able to convert each outstanding Class A share at the option of the holder thereof into one common share at any time provided that such conversion would not cause the Company to become a US Domestic Issuer. The restriction on conversion of Class A shares are designed to prevent the Company from becoming a US Domestic Issuer. Generally, a company will be considered to be a US Domestic Issuer if:

(A) 50% or more of the holders of a company's common voting shares are U.S. Persons; and either (B) (i) the majority of the executive officers or directors of the Issuer are United States citizens or residents; (ii) the company has 50% or more of its assets located in the United States; or (iii) the business of the company is principally administered in the United States.

On May 6, 2021, the Company issued 55,232,940 common shares on the conversion of 55,232,940 Class A shares. As of September 30, 2021, there were no longer any Class A shares outstanding.

Planet 13 Holdings Inc.
Notes to the interim condensed consolidated financial statements
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10. Warrant liability

The following table summarizes the fair value of the warrant liability for the periods presented:

	September 30, 2021	December 31, 2020
Opening balance as at January 1	$ 13,204,211	$ 9,823,510
Additions	2,884,981	2,567,069
Exercise	(8,955,993)	(15,698,859)
Foreign exchange	48,925	(293,450)
Change in fair value	2,728,386	16,805,941
Closing balance end of period	$ 9,910,510	$ 13,204,211

Warrants that are not issued in exchange for goods or services and do not meet the criteria to be classified as equity are classified as liabilities. Because the warrants have an exercise price that is denominated in a currency other than the functional currency of the Company, they are classified as liabilities.

The warrant liability is adjusted to fair value on the date the warrants are exercised and at the end of each reporting period. The amount that is reclassified to equity on the date of exercise is the fair value at that date.

The following table summarizes the number of warrants outstanding for the periods presented:

	September 30, 2021	Weighted average exercise price – CAD	December 31, 2020	Weighted average exercise price - CAD
Balance – beginning of period	7,158,337	$ 4.98	15,061,078	$ 2.20
Issued	5,522,301	$ 8.79	10,236,380	$ 4.53
Exercised	(3,758,940)	$ 4.74	(17,532,271)	$ 2.46
Expired	(46,047)	$ 3.75	(606,850)	$ 1.40
Balance – end of period	8,875,651	$ 7.46	7,158,337	$ 4.98

The Company received cash proceeds of $14,076,473 (CAD$17,809,039) from the exercise of warrants for the nine-month period ended September 31, 2020 (December 31, 2020 - $32,653,449 (CAD$43,079,021)).

The following table present information about the Company's assets and liabilities that are measured at fair value on a recurring basis for the periods presented:

	Quoted prices in active markets for identical assets (Level 1)
September 30, 2021:	
Warrant liability	$ (9,910,510)
December 31, 2020:	
Warrant liability	$ (13,204,211)

11. Share based compensation

(a) Stock options

The Company has established an incentive stock option plan (the "Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the Plan, the Company may grant options for up to 10% of the issued and outstanding common shares of the Company.

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11. Share based compensation (continued)

During the nine months ended September 30, 2021

No incentive stock options were granted during the period.

During the year ended December 31, 2020

No incentive stock options were granted during the year.

The following table summarizes information about stock options outstanding at September 30, 2021:

Expiry date	Exercise price CAD$	September 30, 2021 outstanding	(September 30, 2021 exercisable
July 4, 2022	$ 2.65	100,000	100,000
June 11, 2023	$ 0.80	61,668	61,668
July 31, 2023	$ 0.75	-	-
January 7, 2024	$ 1.55	-	-
June 30, 2024	$ 2.60	7,500	7,500
		169,168	**169,168**

The employee options vest one third on the grant date and one third on the first and second anniversary of the grant date. The following table reflects the continuity of stock options for the period presented:

	September 30, 2021	Weighted average CAD$ exercise price
Balance – beginning of period	293,838	$ 1.52
Granted	-	-
Exercised	(121,336)	0.91
Expired	(3,334)	0.80
Forfeited	-	-
Balance – end of period	169,168	$ 1.97

	September 30, 2021
The outstanding options have a weighted-average CAD$ exercise price of $	**1.97**
The weighted average remaining life in years of the outstanding options is:	**1.19**

The company recorded $3,104 of share-based compensation expense attributable to employee options for the nine months ended September 30, 2021 ($51,233 for the nine months ended September 30, 2020).

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11. Share based compensation (continued)

(b) Restricted Share Units

The Company has established a Restricted Share Unit incentive plan (the "RSU Plan") for employees, management, directors, and consultants of the Company, as designated and administered by a committee of the Company's Board of Directors. Under the RSU Plan, the Company may grant RSUs and/or options for up to 10% of the issued and outstanding common shares of the Company.

The following table summarizes the RSUs that are outstanding as at September 30, 2021:

RSU Activity	September 30, 2021
Balance - beginning of the period	1,764,250
Granted to Participants	4,086,178
Exercised	(915,801)
Cancelled	-
Balance – end of the period	4,934,627

The Company recorded $12,208,463 in share-based compensation expense attributable to RSUs for the nine months ended September 30, 2021 ($1,954,834 for the nine months ended September 20, 2020).

During the nine months ended September 31, 2021

On January 4, 2021, the Company issued 852,154 common shares to settle 852,154 RSUs that had vested. The Company did not receive any cash proceeds from the issuance.

On April 19, 2021, the Company granted 4,082,474 RSUs to officers, directors, and employees pursuant to the Company's RSU Plan. The RSUs granted vest in three equal tranches on November 1, 2021, November 1, 2022, and November 1, 2023, unless otherwise varied pursuant to the terms of the plan.

On June 10, 2021, the Company granted 3,704 RSUs to a consultant of the Company. Pursuant to the Company's RSU Plan. The RSUs vested immediately and were exercised on June 10, 2021. The company issued 3,704 common shares on the exercise and did not receive any cash proceeds from the issuance.

In total the Company transferred $1,898,979 to share capital from Restricted Share Units, representing the carrying value of the RSUs that were exercised during the period.

During the year ended December 31, 2020

On January 1, 2020, the Company issued 50,000 RSUs under the RSU plan. The value ascribed to the RSUs issued was CAD$2.57 per share, the closing share price of the Company's common shares on December 31, 2019.

On September 30, 2020, 6,666 RSUs that were previously granted on June 11, 2018 were cancelled as a result of an employee resignation.

On July 3, 2020, the Company issued 50,518 RSUs under the RSU plan. The value ascribed to the RSUs issued was CAD$2.04 per share, the closing share price of the Company's common shares on July 3, 2020.

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12. Loss per share

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Loss available to common shareholders	**$ (3,783,626)**	$ (5,646,614)	**$ (15,371,987)**	$ (6,797,286)
Weighted average number of shares, basic and diluted	**196,457,950**	162,624,567	**194,576,544**	148,587,612
Basic and diluted (loss) per share	**$ (0.02)**	$ (0.03)	**$ (0.08)**	$ (0.05)

Approximately 13,979,446 of potentially dilutive securities for the three and nine months ended September 30, 2021 and 10,817,031 of potentially dilutive securities for the three and nine months ended September 30, 2020 were excluded in the calculation of diluted EPS as their impact would have been anti-dilutive due to net loss in the period.

13. Income taxes

The components of income tax expense (benefit) of the Company are summarized as follows:

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Current tax expense (recovery)				
Current period	**$ 3,601,094**	$ 4,819,639	**$ 10,046,821**	$ 7,757,805
Deferred tax expense (recovery)				
Origination and reversal of temporary differences	**$ (123,621)**	$ (79,388)	**$ (2,204,751)**	$ (240,716)
Change in unrecognized temporary differences	**(79,652)**	13,767	**1,790,738**	64,883
Income tax expense	**$ 3,397,821**	$ 4,754,018	**$ 9,632,808**	$ 7,581,972

The actual income tax provision differs from the expected amount calculated by applying the statutory income tax rate to the loss before tax. These differences result from the following:

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Income/(loss) income before income tax	**$ 665,360**	$ (892,596)	**$ (4,688,014)**	$ 784,686
Statutory income tax rate	**21.0%**	21.0%	**21.0%**	21.0%
Income tax expense (benefit) at statutory rate	**139,726**	(187,445)	**(984,483)**	164,784
Increase (reduction) resulting from:				
Non-taxable items	**3,454,566**	4,803,575	**10,333,697**	6,321,993
Change in valuation allowance	**(79,652)**	471,967	**1,790,739**	1,391,126
Foreign exchange impacts	**144,701**	-	**(226,066)**	-
Difference in rates	**(261,519)**	(334,079)	**(1,281,079)**	(295,931)
Income tax expense	**$ 3,397,821**	$ 4,754,018	**$ 9,632,808**	$ 7,581,972

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13. Income taxes (continued)

Section 280E prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting normal business expenses, such as payroll and rent, from gross income (revenue less cost of goods sold). Section 280E was originally intended to penalize criminal market operators, but because cannabis remains a Schedule I controlled substance for Federal purposes, the Internal Revenue Service ("IRS") has subsequently applied Section 280E to state-legal cannabis businesses. Cannabis businesses operating in states that align their tax codes with the IRC are also unable to deduct normal business expenses from taxable income subject to state taxes. The non-taxable amounts shown in the effective rate reconciliation above include the impact of applying IRC Section 280E to the Company's businesses that are involved in selling cannabis, along with other typical non-deductible expenses. As the application and IRS interpretations on Section 280E continue to evolve, the impact of this cannot be reliably estimated.

Any changes to the application of Section 280E may have a material effect on the Company's interim condensed consolidated financial statements.

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Deferred tax assets (liabilities) are attributable to the following:

	September 30, 2021	December 31, 2020
Deferred tax assets		
Loss carryforwards $	**8,584,506**	$ 5,303,168
Share issue costs	**1,832,234**	1,381,446
Exchange rate differences on monetary assets	**8,108**	563,080
Accrued expenses	**129,516**	49,128
Deferred tax assets	**10,554,364**	7,296,822
Valuation allowance	**(8,561,453)**	(5,912,173)
Set off of tax	**(1,863,395)**	(1,384,649)
Net deferred tax asset	**129,516**	-
Deferred tax liabilities		
Property and equipment	**(1,445,478)**	(1,251,229)
Licenses	**(543,779)**	(543,779)
Deferred tax liabilities	**(1,989,257)**	(1,795,008)
Set off of tax	**1,863,395**	1,384,649
Net deferred tax liability $	**(125,862)**	$ (410,359)

As at December 31, 2020, the Company has $15,821,242 (December 31, 2020 - $12,013,192) in Canadian non-capital loss carryforwards that expire between 2035 and 2041. In addition, as at December 31, 2020, the Company has U.S. federal Net Operating Losses of $14,976,543 (December 31, 2020 - $9,692,291). The U.S federal Net Operating Losses attributable to 2019 will expire in 2039 and the losses attributable to 2020 onward will have an indefinite carry forward. As at September 30, 2021, the Company has California state Net Operating Losses of $5,916,883 (December 31, 2020 - $953,517). The California state Net Operating will expire in 2040 and 2041.

In March 2020, the U.S. enacted the Coronavirus Aid, Relief, and Economic Security Act (the "Act"). The Act, among other provisions, reinstates the ability of corporations to carry net operating losses back to the five preceding tax years, has increased the excess interest limitation on modified taxable income from 30 percent to 50 percent. The Company has made a reasonable estimate of the effects on existing deferred tax balances and has concluded that the Act has not had a significant on the deferred tax balances.

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13. Income taxes (continued)

The Company believes that, pursuant to Section 7874 of the Code, even though it is organized as a Canadian corporation, the Company should be treated as a U.S. domestic corporation for U.S. federal income tax purposes. Because the Company is a taxable corporation in Canada, it is likely to be subject to income taxation in both the United States and Canada on the same income, which in turn, may reduce the amount of income available for distribution to shareholders. The balance of this discussion assumes the Company is a U.S. domestic corporation for U.S. federal income tax purposes. However, no tax opinion or ruling from the Internal Revenue Service ("IRS") concerning the U.S. federal income tax characterization of the Company has been obtained and none will be requested. Thus, there can be no assurance that the IRS will not challenge the characterization of the Company as a domestic corporation, or that if challenged, a U.S. court would not agree with the IRS. If the Company is not treated as a U.S. domestic corporation, then the acquisition, ownership and disposition of common shares, warrants and common shares received on the exercise of warrants may have materially different implications for Non-U.S. Holders.

14. General and administrative

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Salaries and wages	**$ 6,134,539**	$ 2,420,126	**$ 14,481,158**	$ 6,546,241
Executive compensation	**447,800**	392,142	**1,385,009**	897,203
Licenses and permits	**969,610**	301,707	**2,258,551**	1,296,695
Payroll taxes and benefits	**931,950**	451,497	**2,380,171**	1,370,969
Supplies and office expenses	**621,642**	275,107	**1,562,832**	641,796
Subcontractors	**953,356**	444,175	**2,166,299**	1,056,499
Professional fees (legal, audit and other)	**938,028**	848,726	**2,842,599**	2,592,331
Miscellaneous general and administrative expenses	**2,177,856**	1,090,312	**4,897,499**	3,146,035
Share-based compensation expense (Note 11)	**6,613,846**	569,227	**12,211,567**	2,006,067
	$ 23,798,604	$ 9,342,100	**$ 53,608,281**	$ 26,494,358

15. Supplemental cash flow information

	Nine months ended	
Change in working capital	**September 30, 2021**	**September 30, 2020**
Accounts receivable, net	**$ (394,191)**	$ (47,316)
Inventory	**(6,303,221)**	(1,453,161)
Prepaid expenses and other assets	**(3,620,412)**	1,690,717
Long term deposits and other assets	**(12,376)**	(336,751)
Accounts payable	**1,677,256**	1,231,431
Accrued expenses	**3,977,028**	1,116,045
Income tax payable	**(1,614,486)**	7,760,610
	$ (6,290,402)	$ 9,961,575
Cash paid		
Income taxes	**$ 11,631,307**	$ -
Non-cash activities		
Settlement of warrants liability by issuing warrants	**$ 8,955,993**	$ 7,008,759
Acquisition of licenses and intangible assets in exchange for shares	**$ -**	$ 7,372,108
Initial recognition of ROU assets and lease liabilities	**$ 867,561**	$ 10,893,679

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16. Related party transactions and balances

Related party transactions are summarized as follows:

(a) Officer Compensation

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and board of directors. The following table summarizes amounts paid to related parties as compensation:

	Nine Months ended September 30,	Remuneration or fees	Share based payments	Included in Accounts payable
Management compensation	**2021**	**$ 1,945,223**	**$ 9,875,693**	**$ -**
	2020	1,194,466	1,404,237	8,176
Director compensation	**2021**	**$ 150,000**	**$ 1,227,580**	$ -
	2020	-	199,254	-

*Amounts disclosed were paid or accrued to the related party during the nine months ended September 30, 2021 and 2020

(b) Other

The Company sub-lets approximately 2,000 square feet of office space and purchases certain printed marketing collateral and stationery items from a company owned by one of the Company's Co-CEOs. Amounts paid to such company for rent for the nine months ended September 30, 2021, and 2020 equaled $16,027 and $18,030, respectively. Amounts paid for printed marketing collateral and stationery items equaled $382,264 and $215,069 respectively for the nine months ended September 30, 2021, and 2020. As at September 30, 2021, there was $22,682 (2020-$61,407) included in accounts payable that was owed to this related party.

A company owned by one of the Company's executives pays the Company for storage space. Amounts paid to the Company for storage space equaled $122,447 for the nine months ended September 30, 2021 (2020 – nil).

Through to April 30, 2021, the Company leased a cultivation facility from an entity owned by the Company's co-CEOs. Rents paid for this facility for the nine months ended September 30, 2021, equaled $301,894 (2020 – nil). On April 30, 2021, the Company's Co-CEOs sold this building to an arm's length third party who assumed the lease.

17. Commitments and contingencies

(a) Construction Commitments

At September 30, 2021, the Company had construction commitments outstanding of $6,610,568 (December 31, 2020 - $7,084,300), $2,904,562 related to the build-out of the Company's Planet 13 Santa Ana cannabis entertainment complex and $3,706,006 related to the build out of the Company's Planet 13 Las Vegas Superstore.

(a) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as at September 30, 2021, medical and adult use cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

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17. Commitments and contingencies (continued)

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At September 30, 2021, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

(d) Operating Licenses

Although the possession, cultivation, and distribution of marijuana for medical and adult use is permitted in Nevada, marijuana is a Schedule-I controlled substance and its use remains a violation of federal law. Since federal law criminalizing the use of marijuana pre-empts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in the Company's inability to proceed with our business plans. In addition, the Company's assets, including real property, cash, equipment and other goods, could be subject to asset forfeiture because marijuana is still federally illegal.

(e) Employment Agreements

The Company has employment agreements in place with its Executive Management team and certain key employees. The annual salaries pursuant to such agreements range from $100,000 to $500,000.

18. Risks

Credit risk
Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial instrument. Credit risk arises from cash with banks and financial institutions. It is management's opinion that the Company is not exposed to significant credit risk arising from these financial instruments. The Company limits credit risk by entering into business arrangements with high credit-quality counterparties.

The Company evaluates the collectability of its accounts receivable and maintains an allowance for credit losses at an amount sufficient to absorb losses inherent in the existing accounts receivable portfolio as of the reporting dates based on the estimate of expected net credit losses.

Concentration risk

The Company operates exclusively in Southern Nevada. Should economic conditions deteriorate within that region, its results of operations and financial position would be negatively impacted.

Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in US federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that US federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the US banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the business of the Company and leaves their cash holdings vulnerable.

Asset Forfeiture Risk

Because the cannabis industry remains illegal under US federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property was never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which with minimal due process, it could be subject to forfeiture.

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18. Risks (continued)

Currency rate risk

As at September 30, 2021, a portion of the Company's financial assets and liabilities held in Canadian dollars consist of cash and cash equivalents of $1,621,021 (2020 - $21,771,531). The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company is exposed to currency rate risk in other comprehensive income, relating to foreign subsidiaries which operate in a foreign currency. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time.

19. Disaggregated revenues

The following table represents the Company's disaggregated revenue by sales channel:

	Three months ended		Nine months ended	
	September 30, 2021	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
Retail	**$ 31,852,674**	$ 86,235,691	**$ 86,235,691**	$ 49,344,949
Wholesale	**1,099,580**	3,376,359	**3,376,359**	1,006,387
Net revenues	**$ 32,952,254**	$ 89,612,050	**$ 89,612,050**	$ 50,351,336

20. COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The outbreak of this contagious disease, along with the related adverse public health developments, have negatively affected workforces, economies, and financial markets on a global scale. The Company incurred lower revenues, and additional expenditures related to COVID-19 during the first half of 2020. During the first half of 2020 the Company's operations in Nevada were mandated as an essential service but were restricted to delivery only, with no curb-side pickup or instore sales permitted until such delivery-only order was lifted on May 30, 2020. The Company's operating results were not materially impacted during the second half of 2020. Currently, the Company is closely monitoring the impact of the pandemic on all aspects of its business and it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations.

21. Subsequent events

On October 1, 2021, the Company completed the purchase of a license issued by the Florida Department of Health to operate as a Medical Marijuana treatment Center (the "License") in the state of Florida for $55,000,000 in cash (Note 5).

Between October 1, 2021 and December 9, 2021, the Company issued 13,700 common shares on the exercise of common share purchase warrants and realized cash proceeds of $30,885.

On December 9, 2021, the Company issued 2,212,974 common shares on the exercise of Restricted Share Units that had vested during the period.

On December 20, 2021, the Company entered into a definitive arrangement agreement with Next Green Wave Holdings Inc. pursuant to which the Company will acquire all of the issued and outstanding common shares of Next Green Wave Holdings Inc. by way of a court approved plan of arrangement, for total consideration of approximately CAD$91 million. Under the terms of the definitive arrangement agreement, based on the pricing of both the Company's common shares and the Next Green Wave Holdings Inc. common shares as of December 17, 2021, shareholders of Next Green Wave Holdings Inc. will receive 0.1081 of a common share of the Company (subject to adjustments) and CAD$0.0001 in cash, for each Next Green Wave Holdings Inc. common share held. The transaction will be effected by way of a plan of arrangement under the Business Corporations Act (British Columbia) and is subject to, among other things, approval of the Next Green Wave Inc. shareholders at a special meeting expected to be held in February 2022.

Certain identified information has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential. **Exhibit 2.1**

ACQUISITION AGREEMENT

This ACQUISITION AGREEMENT (this "Agreement"), dated December 20, 2019 (the "Effective Date"), is by and among BLC Management Company, LLC a Nevada limited liability company ("Purchaser") and Planet 13 Holdings, Inc., a corporation organized under the Canada Business Corporations Act ("Parent" and together with Purchaser, collectively, the "Planet Parties"), and Kyle Desmet ("Desmet"), Newtonian Principles Inc., a Delaware corporation ("Newtonian"), Warner Management Group, LLC, a New York limited liability company ("Warner") and Sarah Sibia ("Sibia" and together with Desmet, Newtonian and Warner the "Transferors").

RECITALS

A. Sibia owns 51,000 shares and Desmet 49,000 shares of the capital stock, $0.0001 par value per share, of Newtonian consisting of all of the issued and outstanding shares of capital stock of Newtonian (the "Shares");

B. Warner leases Units A, B, E, F, F, F-2 (also known as F-1), G, H, K, L and M located in the commercial industrial/business park complex at 3400 W. Warner Ave., Santa Ana, California, 92704 (collectively the "Premises") pursuant to the terms of a lease dated May 1, 2018 between Grove and Warner, as subsequently amended (the "Lease");

C. Newtonian has been issued a temporary Adult-use Cannabis retailer license identified as C10-18-0000248-TEMP, which was converted to a provisional Adult-use Cannabis retailer license identified as C10-0000451-LIC (collectively, the "Privileged License") by the State of California Bureau of Cannabis Control ("Bureau") with respect to Units F-2 and G of the Premises permitting Newtonian to sell recreational Cannabis to Adults, subject to acquiring a Regulatory Safety Permit with respect to the Premises, or portion thereof, from the City of Santa Ana, California (the "Regulatory Safety Permit"), and satisfying all conditions related thereto;

D. Newtonian has entered into a sublease of the Premises, or portion thereof, to buildout, develop and operate an adult recreational Cannabis dispensary location at the Premises, or portion thereof (the "Business");

E. Purchaser is a wholly owned subsidiary of Parent;

F. Warner desires to sell the Lease and the other tangible assets of Warner to Purchaser (the "Asset Sale"), and Desmet and Sibia desire to exchange the Shares for Parent Restricted Stock (the "Share Exchange"), and the Planet Parties wish to purchase the Warner assets in the Asset Sale and to effectuate the Share Exchange t; and

G. Subject to the terms and conditions of the Lease, the Parties desire that Warner apply for necessary permits and approvals to commence and complete construction of the minimal necessary improvements to the Premises, or portion thereof, under the supervision of, and at the cost and expense of, the Planet Parties, in advance of the Closing such that the necessary Regulatory Safety Permit, certificate of occupancy, and business license may be issued to Newtonian.

H. Close of the Transaction shall occur as such time as the Planet Parties have received: (i) a Privileged License issued by the Bureau for the operation of a cannabis dispensary at the Premises, and (ii) a certificate of occupancy, Regulatory Safety Permit, and business license in respect of the Premises from the City of Santa Ana.

, NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Definitions; Recitals.

(a) Definitions. For all purposes, capitalized terms in this Agreement shall have the respective meanings set forth below in this Agreement in Schedule 1 to this Agreement.

(b) Recitals. The Recitals are hereby incorporated herein by this reference.

2. Consideration, Purchase, Share Exchange; Allocations.

(a) Aggregate Consideration. The consideration will be Ten Million U.S. Dollars ($10,000,000.00) plus the cancellation of the Buildout Loan (the "Consideration"), plus or minus, as applicable, the Adjustment Amount, and shall be payable as follows:

(i) Six Million U.S. Dollars ($6,000,000.00) cash plus or minus, as applicable, the Adjustment Amount (the "Cash Consideration");

(ii) 2,039,808 shares of Parent Class A common stock having a value of Four Million U.S. Dollars ($4,000,000) as of the June 6, 2019, which shares shall be subject to subject to a Lock Up Agreement in the form attached hereto as Exhibit B and incorporated herein by this reference (the "Restricted Stock"); and

(iii) Cancellation of the Buildout Loan.

(b) Allocation of Consideration. The Parties agree that the total consideration for the Assets Sale shall consist of the Cash Consideration together with the assumption of the then current balance of the Buildout Loan. The Cash Consideration shall be allocated to the Lease and the Buildout Loan shall be allocated to the Improvements and the amounts paid under the Lease.

(c) Purchase and Share Exchange. On the Closing Date, subject to and upon the terms and conditions of this Agreement, Warner shall assign, sell, transfer and convey the Lease to Purchaser by delivery of Assignment and Assumption of Lease and shall convey the Improvements to Purchaser by a Bill of Sale. On the Closing Date, Sibia shall exchange 51,000 Shares for 1,040,302 shares of the Restricted Stock and Desmet shall exchange 49,000 of the Shares for 999,506 shares of the Restricted Stock. The Parties intend that the Share Exchange be treated as a stock-for-stock exchange qualifying as a reorganization described in Code Sections 368(a)(1)(B). The Parties acknowledge that the Asset Sale will be an acquisition of the assets of Warner for tax purposes.

(d) Resignations. If the Bureau shall have received a notification of change of ownership of the Privileged License and, at the election of the Planet Parties, Desmet is to continue to be involved, the directors of Newtonian shall consist of Desmet and two persons appointed by Parent. If Planet Parties make such election to have Desmet continue to serve as a director of Newtonian, Desmet shall serve as a director of Newtonian as the discretion of Parent and may be removed, with or without cause, at any time.

(e) Deposit, Expense Reimbursement. Upon execution of this Agreement by the Parties, the Purchaser shall deposit with Escrow Holder: an earnest money deposit (the "Deposit") in the amount of Two Hundred Thousand U.S. Dollars ($200,000.00). The Deposit shall be held

in escrow subject to the terms of this Agreement. In addition, upon receipt by Newtonian of the Regulatory Safety Permit for the Phase I Improvements, the Planet Parties shall deposit the Cash Consideration in an escrow pursuant to an escrow Agreement to be agreed upon by the Parties (the "Cash Consideration Escrow"). In the event that Planet Parties provide Transferors with written Notice terminating this Agreement: (i) prior to the expiration of the Due Diligence Period; (ii) as provided under Section 9(a), 10(e) or 10(i), or (iii) pursuant to a Transferors' Event of Default in accordance with Section 15, and provided Planet Parties have performed all of Planet Parties' obligations under this Agreement required to be performed at or prior to the time of Transferors' Event of Default, the Deposit and the Cash Consideration Escrow funds shall be fully refundable to Planet Parties within one (1) Business Day of such written Notice, less any Transferor Expense Reimbursement previously paid. At the Closing, the Deposit and the Cash Consideration Escrow Funds shall be released to the Transferors and applied to the Cash Consideration. Transferors may submit for reimbursement of reasonable transactional costs in connection with the Transaction arising after April 26, 2019 for release by the Escrow Holder. Release of funds to Transferor related to Transferor's requests for reimbursement shall (i) be subject to Purchaser's approval at the sole and reasonable discretion of the Purchaser, (ii) be made in writing to the Purchaser, (iii) be related to the Transaction, and (iv) be accompanied by substantiating documentation verifying the amount of the reimbursement requested ("Transferor Expense Reimbursement"). Purchaser agrees that it shall review the request for reimbursement in good-faith and not unreasonably withhold or delay its response to Transferor's request for reimbursement. All such Transferor Expense Reimbursements shall reduce the amount of the Deposit, and shall be a credit against the Cash Consideration. Notwithstanding the foregoing, all references to "Deposit" herein shall mean the Deposit as reduced by the Transferor Expense Reimbursement.

(f) Closing. On or before 5:00 p.m., Pacific Time, on the Closing Date, Planet Parties shall wire transfer to accounts designated by Warner the Cash Consideration, in immediately available U.S. funds, plus or minus any net Adjustment Amount provided for herein, shall deliver to Desmet and Sibia, evidence of registration of the Restricted Stock in the Direct Registration book entry system maintained for the Parent's shares, subject to the legends described in the Lock Up Agreement and this Agreement, and shall deliver, execute or otherwise provide all materials and documentation to effectively transfer ownership of the Restricted Stock to Desmet and Sibia in the number of shares and allocation provided in Section 2 of this Agreement with good and marketable title to the Restricted Stock, free and clear of all Encumbrances and convey, free and clear of all claims, any and all rights and benefits incident to the ownership of such Restricted Stock. On or before 5:00 p.m., Pacific Time, on the Closing Date, the transfer of the Shares and the Acquired Assets as contemplated herein will (i) pass good and marketable title to the Shares and the Acquired Assets, free and clear of all Encumbrances except for any Permitted Encumbrances and terms of Lock Up Agreement and (ii) convey, free and clear of all claims, any and all rights and benefits incident to the ownership of such Shares and the Acquired Assets.

3. Acquired Assets and Excluded Assets.

(a) Acquired Assets. Subject to the terms and conditions contained in this Agreement and the Lease, at the Closing, Newtonian or Warner shall possess all right, title and interest in and to all of the following assets required for use in the Business free and clear of all Encumbrances other than Permitted Encumbrances: (collectively, the "Acquired Assets"):

(i) the Lease;

(ii) all improvements located at the Premises set forth in Schedule 3(a)(ii) attached hereto together with such additional improvements constructed by Warner prior to the Closing Date, (collectively, the "Improvements");

(iii) all furniture, furnishings, fixtures, equipment, computers, and non-consumable items used in the operation of the Business and set forth in Schedule 3(a)(iii) attached hereto;

(iv) operating inventories and supplies consisting of the Cannabis and the Cannabis Products, if any if the Business is then in operation (collectively, the "Operating Supplies");

(v) all non-personal telephone numbers, facsimile numbers, email addresses, websites, or other communication assets of the Business;

(vi) all plans, specifications, drawings, engineering reports, surveys, and records paid for by and in the possession of Transferors with respect to the Lease, the Premises, the Improvements, and the Operating Supplies;

(vii) such other Approved Contracts; and

(viii) all intangible personal property owned by Newtonian and used exclusively in connection with the operation of the Business, including, software, and accessories (collectively, the "Intangible Property").

(b) Excluded Assets. Other than the Acquired Assets set forth in Section 3(a), Planet Parties expressly understand and agree that they are not acquiring, and Transferors are not selling or assigning, any of the following assets or properties of the Transferors (the "Excluded Assets"):

(i) all data, files and other materials located on any storage device (including personal computers, mobile devices, and servers) located at the Business that: (A) is not a part of the Acquired Assets; (B) is not used or held exclusively for use in connection with the Business; or (C) comprises a portion of any Excluded Asset or Excluded Liability;

(ii) all rights that accrue or will accrue to Transferors under the Transaction Documents; and

(iii) the assets, properties, and rights set forth on Schedule 3(b)(iii) ("Excluded Personal Property").

4. Assumed Liabilities and Excluded Liabilities.

(a) Assumed Liabilities. Subject to the terms and conditions set forth herein, as of the Closing, Purchaser shall assume, satisfy, pay, perform, discharge, and be solely responsible for all liabilities and obligations of Newtonian, except for the Excluded Liabilities, and shall assume the Buildout Loan (collectively, the "Assumed Liabilities").

(b) Excluded Liabilities. Planet Parties shall not assume and shall not be responsible to pay, perform or discharge any of the following liabilities or obligations of Transferors (collectively, the "Excluded Liabilities").

(i) any liabilities or obligations arising out of or relating to Transferors' ownership or operation of the Business and the Acquired Assets prior to the Closing Date, including without limitation, Taxes, but excluding the Buildout Loan;

(ii) any liabilities or obligations relating to or arising out of the Excluded Assets;

(iii) any liabilities or obligations of Transferors relating to or arising out of: (A) the employment, or termination of employment, of any employee prior to the Closing; (B) workers' compensation claims of any employee that relate to events occurring prior to the Closing Date; or (C) the Cruzado Agreement or the claim by Ali Kazempour related to an alleged "finder's fee"; and

(iv) any liabilities or obligations for: Taxes relating to the Business, the Acquired Assets, or the Assumed Liabilities for any taxable period ending prior to the Closing Date.

(c) Contracts. At Closing, the Purchaser shall assume all Contracts to the extent the Approved Contracts are assignable. Prior to expiration of the Due Diligence Period, Purchaser shall deliver written notice to Transferors of those Contracts which the Planet Parties, in their sole and absolute discretion, elects to approve and not terminate (the "Approved Contracts"). Any Contract which the Planet Parties fail to elect to assume in writing by notice to Transferors prior to expiration of the Due Diligence Period is referred to as a "Rejected Contract". Transferors shall use commercially reasonable efforts to cause the Rejected Contracts to be terminated. All costs and expenses incurred in terminating the Rejected Contracts shall be paid by the Transferors, or, if applicable, prorated based upon the Closing Date. The payment obligations under the Approved Contracts shall be prorated between Purchaser and Transferors as of the Closing Date in accordance with Section 14(a) below.

5. Representations and Warranties of the Planet Parties. Each Planet Party hereby represents and warrants to Transferors, that the statements contained in this Section 5 are true and correct as of the Effective Date and shall be true and correct as of the Closing:

(a) Organization and Authority of Planet Party; Enforceability. Each Planet Party is an organization duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each Planet Party has full power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the Transaction. The execution, delivery and performance by Planet Parties of this Agreement and the documents to be delivered hereunder and the consummation of the Transaction have been duly authorized by all requisite corporate action on the part of Planet Parties. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Planet Parties, and (assuming due authorization, execution and delivery by Transferors) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Planet Parties enforceable against Planet Parties in accordance with their respective terms.

(b) No Conflicts; Consents; Compliance with Laws.

(i) The execution, delivery and performance by Planet Parties of this Agreement and the other Transaction Documents to which they are a Party, and the consummation of the Transaction and thereby, do not and will not: (A) result in a violation or

breach of any provision of the Constituent Documents of the applicable Planet Party; (B) require the consent, or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any agreement to which a Planet Party is a party, or (C) subject to the approvals, filings and other matters referred to in Section 5(b)(ii), result in a violation or breach of any provision of any Law, order, or approval applicable to a Planet Party.

(ii) No approval, order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect of a Planet Party in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the Transaction and thereby, except for: (A) approvals required under applicable Cannabis Laws; or (B) filing required by Parent under applicable securities Laws.

(c) Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Transaction or any other Transaction Document based upon arrangements made by or on behalf of Planet Parties.

(d) Legal Proceedings. There are no actions, suits, claims, investigations or other legal proceedings pending or, to Planet Parties' knowledge, threatened against or by Planet Parties or any Affiliate of Planet Parties that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement or materially and adversely affect any Planet Party following the Closing.

(e) Regulatory Matters. No director, manager, officer or service provider of Planet Parties or its subsidiaries has made any untrue statement of a material fact or a fraudulent statement to any Governmental Authority, failed to disclose any material fact required to be disclosed to any Governmental Authority, or committed an act or crime, made a statement or failed to make a statement that, at the time such act, statement or omission was made, could reasonably be expected to provide a basis for any Governmental Authority to invoke its policies regarding such matters or could reasonably be expected to provide a basis for denial of Planet Parties' succession to the Regulatory Safety Permit or for denial of Planet Parties ability to apply for, or obtain, a new Adult-use Cannabis retailer license in California at the Premises, which may be provisional in nature (the "Annual License") or obtain the Privileged License.

(f) Sufficiency of Consideration. The Planet Parties have, and will continue to have until the final payment at Closing is paid, sufficient cash on hand or other sources of immediately available funds to enable it to make the payment to the applicable Transferor of Cash Consideration and the Deposit payment and consummate the transactions contemplated by this Agreement. The Planet Parties have, and will continue to have until the final payment at Closing is paid, sufficient Restricted Stock to enable it to make the payment of the Restricted Stock set forth in Section 2(a)(ii) and consummate the Transaction.

6. Representations and Warranties of the Transferors. Each of Sibia, Desmet, Newtonian and Warner jointly and severally represent and warrant to the Planet Parties that the statements contained in this Section 6 are true and correct as of the Effective Date and shall be true and correct as of the Closing:

(a) Organization and Authority of Transferors; Enforceability. Warner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New York, and is qualified to do business in the State of California. Newtonian is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is qualified to do business in the State of California. Sibia and Desmet are

individuals with residence in the State of California. Each Transferor has full power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the Transaction. The execution, delivery and performance by Transferors of this Agreement and the documents to be delivered hereunder and the consummation of the Transaction have been duly authorized by all requisite action on the part of Transferors. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Transferors, and (assuming due authorization, execution and delivery by Planet Parties, Grove, and Governmental Authorities, if applicable) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Transferors, enforceable against Transferors in accordance with their respective terms.

(b) No Conflicts; Consents.

(i) The execution, delivery and performance by Transferors of this Agreement and the other Transaction Documents to which each is a Party, and the consummation of the Transaction, do not and will not: (A) result in a violation or breach of any provision of the articles the Constituent Documents of Warner or Newtonian (B) except as set forth on Schedule 6(b)(i) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any Contract; or (C) subject to the approvals, filings, and other matters referred to in Section 6(b)(ii) conflict with or violate any Permit, judgment or Law (except federal law to the extent it is inconsistent with Cannabis Laws) applicable to Transferors or the Acquired Assets.

(ii) To the knowledge of Transferors, no approval, governmental order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Transferors in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the Transaction and thereby, except for: (A) approvals required under applicable Cannabis Laws; and (B) approvals required under Chapter 40.

(c) Legal Proceedings. To the Knowledge of Transferors, except as set forth on Schedule 6(c), there are no actions, suits, claims, investigations or other legal proceedings pending or, to Transferors' Knowledge, threatened against Transferors relating to the Business, the Premises, the Acquired Assets, or the Assumed Liabilities.

(d) Taxes. Except as set forth on Schedule 6(d), Transferors have filed (taking into account any valid extensions) all material Tax returns with respect to the Business required to be filed by Transferors and has paid all Taxes shown thereon as owing. Transferors are not currently the beneficiary of any extension of time within which to file any material Tax return other than extensions of time to file Tax returns obtained in the Ordinary Course of Business. Sibia and Desmet are not "foreign persons" as that term is used in Treasury Regulations Section 1.1445-2. Newtonian has at all times been a C corporation for state and federal income tax purposes.

(e) Compliance With Laws and Orders. To the Knowledge of Transferors, Transferors is not in violation of or in default under any Law (except federal law to the extent it is inconsistent with Cannabis Laws) or order applicable to Transferors or any of the Acquired Assets.

(f) Licenses. Transferors are not in default (or with the giving of notice or lapse of time or both, would be in default) under any Licenses held, including without limitation, the Privileged License in any material respect.

(g) Tangible Personal Property. Warner and Newtonian are in possession of and have good title to, or has valid leasehold interests in or valid rights under the Contracts to use, all Tangible Personal Property individually or in the aggregate with other such property material to the Business. All such Tangible Personal Property is free and clear of all Encumbrances except for any Permitted Encumbrances and is in all material respects in good working order and condition, ordinary wear and tear excepted.

(h) Real Property.

(i) Transferors have rights of ingress and egress with respect to the Real Property and the Premises subject to the terms and conditions of the Lease and Security Device (as defined by the Lease). Neither the Premises nor the Improvements located on the Real Property, or the use thereof, contravenes or violates any building, administrative, occupational safety and health or other applicable Law (except federal law to the extent it is inconsistent with Cannabis Laws) in any material respect (whether or not permitted on the basis of prior nonconforming use, waiver or variance). Units F-2 and G of Premises are permitted and zoned so as to allow for the commencement of process as outlined by the City of Santa Ana to obtain a Regulatory Safety Permit pursuant Chapter 40 the Santa Ana City Code ("Chapter 40") and the Privileged License.

(ii) To the Knowledge of Transferors, except as set forth in Schedule 6(c), there are no condemnation or appropriation, environmental, zoning or other land use regulation proceedings pending or threatened against any of the Real Property, the Premises, or the Improvements located thereon, which would detrimentally affect the value of the Real Property, the Premises, the Improvements located thereon or the use and operation thereof to conduct commercial cannabis business pursuant to Chapter 40 and the Privileged License, nor are there any assessments (other than Taxes) affecting the Real Property, Lease or the Improvements located thereon.

(iii) To the Knowledge of Transferors, neither the Real Property nor the Improvements located thereon, or the use and operation thereof, contravenes or violates any building, zoning, subdivision, land use, administrative, occupational safety and health, environmental or other applicable Law (except federal law to the extent it is inconsistent with Cannabis Laws) in any material respect (whether or not permitted on the basis of prior nonconforming use, waiver or variance). Except as set forth in Schedule 6(c), Transferors have received no notice from any Government Authority advising Transferors of (x) a violation of any such Laws (whether now existing or which will exist with the passage of time) or (y) any action which must be taken to avoid a violation thereof.

(iv) To the Knowledge of Transferors, there are no material physical defects in the Premises, or the Improvements located thereon.

(v) The Lease of the Premises provides, subject to the terms and conditions therein, for the non-exclusive use by the lessee under the Lease of not less than 3 parking spaces per every 1,000 square feet of the Premises near the Premised as depicted on Exhibit C of the Lease (the "Dedicated Parking").

(i) Environmental Matters. To the Knowledge of Transferors, except as disclosed in Section 6(c):

(i) Warner is in compliance with all Licenses, if any, that are required under applicable Environmental Laws for Transferors to own and operate the Acquired Assets (the "Environmental Permits");

(ii) Warner and Newtonian are in compliance with applicable Environmental Laws (except federal law to the extent it is inconsistent with Cannabis Laws);

(iii) Transferors have not been notified by any Government Authority or third Person of any pending claim that Transferors may be a potentially responsible Person for environmental contamination or any Release of Hazardous Material arising under Environmental Laws (an "Environmental Claim");

(iv) Transferors have not entered into or agreed to any consent decree or order with respect to or affecting the Acquired Assets relating to compliance with any Environmental Law or to investigation or cleanup of Hazardous Material under any Environmental Law;

(vi) Except as disclosed in Section 6(i) of the Disclosure Schedule, to Transferors' knowledge, there are no aboveground or underground storage tanks located on, in or under any properties currently or formerly owned, operated or leased by Transferors in connection with the Business;

(vii) No Releases of Hazardous Material in excess of legally permissible quantities have occurred at, from, in, or on any of the Real Property, and no Hazardous Material in excess of legally permissible quantities is present in, on or about or is migrating from any such Real Property that could give rise to an Environmental Claim by a Government Authority or third Person against the Acquired Assets or Transferors; and

(viii) There have been no environmental investigations, studies, audits or tests with respect to Real Property in Transferors custody, possession or control that have not been available to Planet Parties upon request prior to execution of this Agreement.

(j) Title to the Equity Interests. Desmet and Sibia are the lawful owners of the Shares with good and marketable title thereto. Each of Desmet and Sibia has the absolute right to sell, assign, convey, transfer and deliver the Shares and any and all rights and benefits incident to the ownership thereof all of which rights and benefits are transferable to the Planet Parties pursuant to this Agreement, free and clear of all Encumbrances except for any Permitted Encumbrances.

(k) Brokers. Except as disclosed on Schedule 6(k), no broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Transferors.

(l) Securities Matters.

(i) No Prior Holdings; Acquisition for Investment. None of the Transferors is the registered or beneficial holder of any securities of Parent. The Transferors acknowledge they will be acquiring the Restricted Stock issuable pursuant to this Agreement for investment for their own account and not as nominees or agents, and not with a view to the resale or distribution of any part thereof, and further represent that they have no present intention of selling, granting any participation in, or otherwise distributing the same. The Transferors further represent that they do not have any Contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Restricted Stock. The Transferors understand that any Restricted Stock issuable hereunder will not be registered under the Securities Act, on the ground that the sale and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(a)(2) thereof, and that Parent's reliance on such exemption is predicated on the Transferors' representation set forth herein, including the Transferors' completion and execution of the Questionnaire. The Transferors further understand that any Restricted Stock issuable hereunder will constitute a distribution of securities that is exempt from the prospectus requirement of applicable Canadian Securities Laws.

(ii) Investment Experience. Each Transferor acknowledges that it can bear the economic risk of the investment, and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Restricted Stock. Each Transferor is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act (as amended by Section 413(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act), and agrees that it will not take any action that could negatively impact the availability of the exemption from registration provided by Section 4(a)(2) of the Securities Act with respect to the sale and the issuance of securities hereunder.

(iii) Information. The Transferors have carefully reviewed such information as they have deemed necessary with respect to the Restricted Stock. To the Transferors' full satisfaction, each Transferor has been furnished all materials requested by such Transferor relating to Parent, and the issuance of Restricted Stock hereunder, and each Transferor has been afforded the opportunity to ask questions of representatives of Parent, to obtain any information necessary to verify the accuracy of any representations or information made or given to such Transferor.

(iv) Restricted Securities. The Transferors understand that the Restricted Stock issuable pursuant to this Agreement may not be sold, transferred, or otherwise disposed of without registration under the Securities Act and applicable state and federal securities laws or an exemption therefrom, and that in the absence of an effective registration statement covering the Restricted Stock or any available exemption from registration under the Securities Act and applicable state and federal securities laws, the Restricted Stock must be held indefinitely. Without limitation of the foregoing, the Restricted Stock may be resold under applicable Canadian Securities Laws in each Province and Territory of Canada, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for the Restricted Stock; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Parent (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Parent is in default of applicable Canadian Securities Laws. Unless registered under the Securities Act and applicable state securities laws, the certificates representing the Restricted Stock shall bear a legend in 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 "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, EXCHANGED, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE BENEFIT OF ANY NATIONAL, CITIZEN OR RESIDENT OF THE UNITED STATES, ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES, EXCEPT: (A) TO THE ISSUER, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS, (C) IN COMPLIANCE WITH (1) RULE 144 OR (2) RULE 144A UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS, (D) IN CONNECTION WITH ANOTHER EXEMPTION UNDER THE SECURITIES ACT, OR (E) WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER, UPON THE ISSUER RECEIVING, IN THE CASE OF CLAUSES (C)(1) AND (D) ABOVE, AN OPINION OF COUNSEL FOR THE HOLDER, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

Notwithstanding the foregoing, (i) at any time Parent or its successor company is a "foreign issuer", as defined in Rule 902(e) of Regulation S of the Securities Act, if such securities are being sold in accordance with the requirements of Rule 904 of Regulation S of the Securities Act, as referred to above, and in compliance with local Laws and regulations, the legend may be removed by providing a declaration to the issuer's transfer agent for such securities, in the form as may be prescribed by Parent or its successor company from time to time, together with any other evidence, which may include an opinion of counsel of recognized standing reasonably satisfactory to Parent or its successor company to the effect that such legend is no longer required under applicable requirements of the Securities Act, required by Parent or its successor company or such transfer agent; and (ii) if any such securities are being sold pursuant to Rule 144 under the Securities Act, the legend may be removed by delivery to the registrar and transfer agent for such securities of an opinion of counsel of recognized standing reasonably satisfactory to Parent or its successor company to the effect that such legend is no longer required under applicable requirements of the Securities Act or applicable state securities laws.

The Transferors acknowledge that the Restricted Stock may be resold under applicable Canadian Securities Laws in each Province and Territory of Canada, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for the Restricted Stock; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Parent (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Parent is in default of applicable Canadian Securities Laws. The Transferors are acquiring the Restricted Stock as principal for their own account and not with a view toward, or for sale in connection with, any distribution thereof, or with any present intention of distributing or selling the Restricted Stock in any Province or Territory of Canada. Each Transferor is an "accredited investor" as defined in National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators and was not created or used solely to purchase or hold Restricted Stock

as an "accredited investor" and is able to bear the economic risk of an investment in the Restricted Stock.

The Transferors acknowledge that Parent may be required to file a report with the Canadian securities regulatory authorities containing personal information about the Transferors, including their full names, addresses and telephone numbers, the number and type of securities purchased, the total purchase price paid for the securities, the date of the closing and the exemption relied upon under applicable Canadian Securities Laws.

The Transferors acknowledge that the Restricted Stock will not be legended pursuant to Canadian Securities Laws and may be resold in each Province and Territory of Canada, subject to the Lock Up Agreement, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for the Restricted Stock; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Parent (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Parent is in default of applicable Canadian Securities Laws.

(v) Rule 144. The Transferors understand and acknowledge that (i) if Parent or any successor company is deemed 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, other than a Capital Pool Company (as such term is defined in the TSXV Corporate Finance Manual), Rule 144 under the Securities Act may not be available for resales of the Restricted Stock and (ii) Parent is not obligated to make Rule 144 under the Securities Act available for resales of such Restricted Stock.

(vi) No Registration Statement. The Transferors understand and acknowledge that Parent has no obligation or present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the Restricted Stock in the United States.

(vii) Foreign Issuer. The Transferors understand and acknowledge that Parent or any successor company (i) is not obligated to remain a "foreign issuer" within the meaning of Rule 902(e) of Regulation S of the Securities Act, (ii) may not, at the time the Restricted Stock are resold by it or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions which could cause Parent or any successor company not to be a foreign issuer, and if Parent or any successor company is not a foreign issuer at the time of sale or transfer of the Restricted Stock pursuant to Rule 904 of Regulation S of the Securities Act, the certificates representing the Restricted Stock may continue to bear the legend described above.

7. "As Is" Sale. Except with respect to the representations and warranties of Transferors set forth in Section 6 of this Agreement (the "Express Representations") Planet Parties have not relied upon and will not rely upon, either directly or indirectly, any representation or warranty of Transferors or any agent of Transferors, and Planet Parties represent that they are relying solely on their own expertise and that of Planet Parties consultants in acquiring the Shares and the Acquired Assets and assuming the Assumed Liabilities. Subject to the terms and conditions herein, Planet Parties will conduct such inspections and investigations of the Acquired Assets and Assumed Liabilities as the Planet Parties deem necessary, including, without limitation, the physical and environmental conditions thereof, and shall rely upon same. Except with respect to the Express Representations, the Planet Parties acknowledge and agree that upon Closing, Transferors shall sell, convey, and assign, as applicable, to Planet Parties and Planet Parties

shall accept and assume, as applicable, the Shares, Acquired Assets and Assumed Liabilities "as is, where is," with all faults.

Planet Parties further acknowledge and agree that the disclaimers set forth above are an integral part of this agreement and that Transferors would not have agreed to the Transaction without the disclaimers.

8. Real Property Inspections and Investigations.

(a) Due Diligence Period. Planet Parties and their agents, engineers, surveyors, appraisers, auditors, and other representatives (collectively, "Planet Parties' Agents") shall have from the Effective Date until December 31, 2019 (the "Due Diligence Period"), to make investigations or feasibility studies as permitted under this Section 8 with respect to the Business or any portion thereof. The Due Diligence Period shall expire at 5:00 p.m. Pacific Time on the December 31, 2019.

(b) Access. During the Due Diligence Period, Planet Parties and the Planet Parties' Agents, at Planet Parties' expense, subject to the terms and conditions of this Agreement, the Lease (if applicable), the rules and regulations of the Premises established by Grove, and the rights of tenants leasing space at the Real Property, and in compliance with all requirements of applicable Law, shall have the right, from time to time, upon the advance notice required pursuant to Section 8(d), to enter upon and pass through the Business during normal business hours to examine and visually inspect the same.

(c) Right to Inspect. In conducting any inspection of the Business or otherwise accessing the Real Property and the Premises, Planet Parties shall at all times comply with all Laws and regulations of all applicable Governmental Authorities. Notwithstanding anything of this Agreement to the contrary, Planet Parties shall not conduct any Phase II environmental investigation or other invasive or subsurface testing without the prior written consent of Grove, which consent may be withheld or conditioned in Grove's sole and absolute discretion.

(d) Coordination with Transferors. The Planet Parties shall schedule and coordinate all inspections of the Business or other access to the Real Property and the Premises with Transferors and shall give Transferors not less than forty-eight (48) hours' prior written Notice. Planet Parties shall coordinate with Transferors for all such entries and inspections, in order to avoid interference with the tenants at the Real Property and Grove's operations at the Real Property. Furthermore, Planet shall not contact or have any communications with any of the tenants of the Real Property without Grove's prior written consent. Transferors shall be entitled to have a representative present at all times during each such inspection or other access. Planet Parties agree to pay to Transferors promptly upon demand the cost of repairing and restoring any damages, which a Planet Party or Planet Parties' Agents shall cause to the Business. All inspection fees, appraisal fees, engineering fees and other costs and expenses of any kind incurred by Planet Parties or Planet Parties' Agents relating to such inspection and its other access shall be at the sole expense of Planet Parties.

(e) Return of Work Product. In the event that the Closing hereunder shall not occur for any reason whatsoever, Planet Parties shall promptly return to Transferors all Work Product and copies of all due diligence materials delivered by Transferors to Planet Parties and shall destroy all copies and abstracts thereof. The provisions of this Section 8(e) shall survive the Closing or any termination of this Agreement.

(f) Transferors Indemnification. Purchaser agrees to indemnify and hold Transferors and their disclosed or undisclosed, direct and indirect shareholders, officers, directors, trustees, partners, principals, members, employees, agents, affiliates, representatives, consultants, accountants, contractors and attorneys or other advisors, and any successors or assigns of the foregoing (collectively with Transferors, the "Transferor Related Parties") harmless from and against any and all Losses incurred by any Transferor Related Parties arising from or by reason of the Planet Parties and/or Planet Parties' Agents' access to, or inspection of the Premises, or any tests, inspections or other due diligence conducted by or on behalf of Purchaser, except to the extent such losses, costs, damages, liens, claims, liabilities or expenses are caused by an existing condition at the Business or are caused by the gross negligence or willful misconduct of any of the Transferor Related Parties. The provisions of this Section 8(f) shall survive the Closing or any termination of this Agreement.

(g) Entry Requirements. In connection with Planet Parties' exercise of their rights under this provision, Planet Parties shall: (i) cause all work to be performed with reasonable care; (ii) not create or permit its employees, agents, consultants or contractors to create any hazardous condition on the Real Property; (iii) repair any damage to the Real Property caused by Planet Parties (or its employees, agents, consultants or contractors); and (iv) procure (or have all work performed by contractors to maintain) general liability and property damage insurance (in an amount not less than Two Million and No/100s Dollars ($2,000,000.00) per occurrence combined single limit for bodily and personal injury and property damage), evidence of which shall be delivered to Transferors prior to Planet Parties' first entry. All such policies shall name the following parties as additional insureds: Grove, Warner and Newtonian.

9. Work of Improvement; Management; Privileged License Change of Ownership Notification.

(a) Not later than sixty (60) days after the Effective Date the Planet Parties shall provide Warner with plans and drawings for the construction of a Cannabis dispensary within the Premises together with a construction budget, consisting of two phases: an initial phase sufficient in size and scope to satisfy the Governmental Authorities in qualifying for the issuance of an Regulatory Safety Permit and an Annual License (the "Phase I Work of Improvement") and the completed build out of the Premises including a Planet 13 styled Cannabis dispensary (the "Phase II Work of Improvement" and with the Phase I Work of Improvement, the "Buildout"). Warner and Newtonian shall apply for necessary Entitlements Approvals for the Buildout, and obtain any necessary approvals from Grove pursuant to the terms of the Lease, and shall commence and complete construction of the minimal necessary Phase I Work of Improvement, under the supervision of, and at the cost and expense of, the Planet Parties, in advance of the Closing such that Newtonian may be awarded the Regulatory Safety Permit and Annual License. Warner shall engage a contractor selected by Planet Parties, and Warner and Grove shall cooperate in obtaining the Entitlement Approvals as required by the Chapter 40 Process. Warner shall enter into a construction management agreement with a Person selected by the Planet Parties to supervise the Buildout. All fees, costs and expenses associated with the Buildout, including all payments, costs and expenses incurred by Warner under the Lease, including without limitation, rent, with respect to the Premises, shall be advanced to Warner pursuant to a tenant improvement loan agreement between Parent and Warner and shall be secured by security agreement, including without limitation an assignment of the Lease as security (the "Buildout Loan"). If the Transaction Closes, the Buildout Loan will be an Assumed Liability and Planet Parties will indemnify, defend and hold Transferors harmless from and against any tax assessed against Transferors related to the Buildout Loan. If the Transaction does not Close for any reason the Buildout Loan shall convert to a four (4) year term loan.

(b) At its sole cost and expense, Planet 13 shall prepare and submit an application for the grant of the Privilege License from the Bureau. Planet Parties may determine it is in their best interests to also prepare other applications to obtain Cannabis licenses for other uses (e.g. manufacturing, distribution, etc.). .

(c) Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that by entering into this Agreement a contractual relationship exists between Planet Parties and Newtonian which may require Newtonian to report or notify Governmental Authorities that Planet Parties has a relationship, in some form, with Newtonian. Therefore, the Parties shall cooperate to ensure that minimal reporting and/or notification to Governmental Authorities, if any, is required due to this Agreement and the Transaction, and if such reporting or notification is required, the Parties shall cooperate to ensure that such reporting or notification has minimal, if any, adverse impact on consummation of the Transaction. Further, failure of a condition precedent due to a Party's failure to report or notify the proper Governmental Authorities of this Agreement or Transaction, shall be deemed failure of such condition precedent through no fault of the Parties.

(d) Warner and Newtonian shall apply for necessary permits and approvals to commence and complete construction of Phase I Improvements, under the supervision of, and at the cost and expense of, the Planet Parties, in advance of the Closing such that the necessary Regulatory Safety Permit, certificate of occupancy, and business license may be issued to Newtonian, in order that Planet 13 may be awarded a approval by Santa Ana for the transfer or change of ownership of the Santa Ana entitlements and licenses, subject only to the Bureau's grant of the Privilege License to Planet 13.

(e) Notwithstanding anything in this Agreement to the contrary, if Newtonian has not received the Regulatory Safety Permit by February 15, 2020 or if Planet 13 has not submitted to the Bureau the application for the Privileged License or Annual License on or before January 31, 2020, or the application submitted by Planet 13 for the Annual License is denied, the Parties shall convene to discuss and negotiate terms and conditions of this Agreement with respect to (i) closing the Transaction by alternative means (if the Parties conclude that succession to the Privileged License does not seem viable), including but not limited to, instituting a stable Management Agreement or applying for an Annual License; and (ii) possibly modifying the financial terms of this Agreement based on delays, if any, of Transferors in obtaining the Regulatory Safety Permit or changing the ownership of the Privileged License.

10. Covenants.

(a) Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Planet Parties (which consent shall not be unreasonably withheld or delayed), Transferors shall: (i) conduct the Business in the Ordinary Course of Business; and (ii) use commercially reasonable efforts to maintain and preserve intact its current Business organization, and to preserve the rights, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having relationships with the Business.

(b) Access to Information.

(i) From the date hereof until the Closing (or, if earlier, the termination of this Agreement by a Party), upon reasonable Notice and subject to applicable Laws (including Cannabis Laws), Transferors shall: (A) afford Planet Parties and their representatives reasonable

access to and the right to inspect all of the Books and Records and other documents and data related to the Business; (B) furnish Planet Parties and their representatives with such financial, operating, and other data and information related to the Business as Planet Parties or any of their representatives may reasonably request; and (C) instruct the representatives of Transferors to cooperate with Planet Parties in their investigation of the Business; provided that any such investigation shall be conducted during normal business hours upon not less than forty-eight (48) hours' prior written Notice to Transferors, under the supervision of Transferors' personnel and in such a manner as not to interfere with the conduct of the Business or any other businesses of Transferors. From the date hereof until the Closing (or, if earlier, the termination of this Agreement by a Party), upon reasonable Notice and subject to applicable Laws (including Cannabis Laws), Planet Parties shall afford Transferors and their representatives reasonable access to and the right to inspect all of the Books and Records and other documents and data related to the Transaction.

(c) Confidentiality. Unless otherwise agreed to in writing by Planet Parties and Transferors, each Party will keep confidential all documents, financial statements, reports or other information provided to, or generated by the other Party relating to this Agreement and the transaction contemplated herein, including all such documents and information provided to any Party by the other Party prior to the Effective Date, and will not disclose any such information to any person other than: (i) the employees and agents of Transferors or Planet Parties; (ii) those who are actively and directly participating in the negotiation and execution of this Agreement. Upon any termination of this Agreement for any reason, Planet Parties will promptly return to Transferors copies of all documents or other information provided to Planet Parties by Transferors. The provisions of this Section 10(c) will survive the termination of this Agreement other than by Closing. Any public announcements, releases, publications or otherwise, by or on behalf of any Planet Parties related to the Transaction ("Publications") must be approved by email by Sibia and Desmet prior to public dissemination of such Publications. Such approval shall not be unreasonably withheld.

(d) Governmental Approvals and Consents. The Parties shall cooperate and each use commercially reasonable efforts to: (A) as promptly as practicable, take (or cause to be taken) all appropriate action, and do or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the transactions contemplated by this Agreement; (B) obtain from any Governmental Authorities any approvals required (i) to be obtained or made by Planet Parties, Transferors, or any of their respective Affiliates, or the respective representatives of any of the foregoing, in connection with the authorization, execution, and delivery of this Agreement and the consummation of the Transaction, (ii) under any applicable Law in connection with the authorization, execution, and delivery of this Agreement and the consummation of the Transaction (excluding federal law to the extent it is inconsistent with Cannabis laws), including any applicable Cannabis Laws, as provided in Sections 9(a) (with respect to the Phase I Improvements), Section 9(b) and Section 10(e)(iii) (the approvals described in the foregoing clauses (i) and (ii) are collectively referred to herein as the "Governmental Approvals"), and (iii) to avoid any proceedings by any Governmental Authority that could adversely impact the authorization, execution, and delivery of this Agreement and the consummation of the Transaction; (C) make all necessary filings, and thereafter make any other required submissions with respect to this Agreement and the Transaction, as required under any applicable Law, including any applicable Cannabis Laws; and (D) comply with the terms and conditions of all Governmental Approvals.

(e) Required Consents, Cruzado Agreement; Remodel.

(i) Required Consents. If a Contract is not assignable without the consent of another Person, this Agreement shall not constitute an assignment or an attempted assignment thereof if such assignment or attempted assignment would constitute a breach thereof or a default thereunder. Transferors and Planet Parties shall use commercially reasonable efforts to obtain the consent of such other Person to the assignment of any such Contract to Planet Parties in all cases in which such consent is required for such assignment, provided, however, that in the event any such consent, (each a "Required Consent"), other than the consent of the lender to Grove for the Premises as of the Effective Date, is not obtained on or prior to the Closing Date, such event shall not cause the Closing to be delayed or constitute a default by Transferors of any obligation hereunder or result in a reduction of the Consideration. Should Planet Parties not receive the benefits intended to be assigned to Planet Parties pursuant to a Contract because a consent is not obtained, then the Contract as applicable, shall constitute an Excluded Asset and the obligations pursuant thereto shall constitute an Excluded Liability. The Transferors shall enforce its rights under the Lease to cause Grove to comply with Section 61 of the Lease.

(ii) Cruzado Agreement. It shall be a condition precedent or concurrent to the Closing that Management Agreement between the Newtonian and Randy Cruzado effective December 1, 2017 (the "Cruzado Agreement") shall have been terminated without additional liability to Planet Parties. Transferors shall terminate the Cruzado Agreement on or before the Closing Date. At least five (5) days before the Closing Date, Newtonian shall deliver to Planet Parties a release of claims, in a form reasonably acceptable to the Planet Parties, which sets forth the amount that Randy Cruzado will be paid as part of the Adjustment Amount (the "Cruzado Payment") in exchange for termination of the Cruzado Agreement and release of all claims against Transferors and the Planet Parties arising from the Cruzado Agreement.

(iii) Entitlements Approval. It shall be a condition precedent to the obligations of the Planet Parties to Close the Transaction that on or before December 31, 2019, that Warner shall have obtained necessary permits and approvals satisfactory to Planet Parties in order to complete the Phase I Improvements (the "Entitlements Approval"). The Parties agree that they may mutually agree to a 30-day extension of the Entitlements Approval contingency ("Entitlements Approval Extension"). If available, Transferors shall provide Planet Parties with adequate previous building plans of the Premises such that Warner, and Grove and the Planet Parties, if required, may prepare and submit for necessary building permits. If the Entitlements Approval is not obtained within the above described period, then Planet Parties may terminate this Agreement by giving the Transferors and Escrow Holder written Notice thereof within ten (10) days following expiration of such period, as extended, and Escrow Holder shall deliver the Deposit together with all interest thereon to Transferors within twenty-four (24) hours of such Notice. If Planet Parties fail to deliver such Notice to Transferors on or before expiration of such 10-day period, Planet Parties shall be deemed to have waived their right to terminate this Agreement pursuant to this Section 10(e)(iii).

(iv) Lease in Full Force. It shall be a condition precedent to Closing that the Lease be in full force and effect on the expiration of the Due Diligence Period and on the Closing Date.

(f) Closing Conditions. From the date hereof until the Closing (or, if earlier, the termination of this Agreement by a Party), each Party shall use commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Section 12 hereof.

(g) Further Assurances and Actions.

(i) Subject to the terms and conditions herein, Transferors and Planet Parties agree to use their commercially reasonable efforts to take (or cause to be taken) all appropriate action and to do (or cause to be done) all things reasonably necessary, proper or advisable under applicable Laws to consummate and make effective the Transaction, including: (B) using commercially reasonable efforts to promptly obtain all Governmental Approvals and all other approvals as are necessary for consummation of the transactions contemplated by this Agreement; and (B) to fulfill all conditions precedent applicable to such Party pursuant to this Agreement.

(ii) If at any time after the Closing any further action is necessary to carry out the purposes of this Agreement or to vest Planet Parties with full title to the Acquired Assets and the assumption of the Assumed Liabilities or to vest Transferors with full title of the Consideration, then the proper representatives of Planet Parties and Transferors shall take all action reasonably necessary (including executing and delivering further notices, releases and agreements); provided that, if such action is necessary due to events or circumstances particular to Planet Parties, then Planet Parties shall bear the cost of such action and such costs shall not be applied toward the Consideration.

(h) Certain Transactions. Prior to the Closing, neither Planet Parties nor Transferors shall take, or agree to commit to take, any action that would or is reasonably likely to: (A) materially delay the receipt of, or materially impact the ability of a Party to obtain, any Governmental Approval necessary for the consummation of the Transaction, or (B) cause any Governmental Authority to commence or re-open a proceeding that could reasonably be expected to challenge or prevent the Transactions or delay the Closing.

(i) Risk of Loss of Assets.

(i) Condemnation. If, prior to the Closing, action is initiated to take (or Transferors receives notice of a taking of) any material portion of the Real Property or the Premises (or any of the parking servicing said Real Property) by eminent domain proceedings or by deed in lieu thereof, Planet Parties may at or prior to the Closing terminate this Agreement, or Planet Parties may defer the Closing for a period not in excess of sixty (60) days for the Parties to attempt to renegotiate the provisions hereof (and upon failure of a written agreement to be reached from such renegotiation, Planet Parties shall again be entitled to terminate this Agreement; provided, however, if Notice of Planet Parties' election not to terminate pursuant to this Section 10(i)(i) is not received by Transferors within thirty (30) days following expiration of such 60-day period, then it shall deemed that Planet Parties have elected to terminate this Agreement). For the purposes of this provision, a "material" portion of the Real Property shall mean a portion of the Real Property with a fair market value greater than One Million Dollars ($1,000,000.00), as reasonably determined by Appraisal or offer from the Government Authority.

(ii) Casualty. Transferors assume all risks and liability for damage to or injury occurring to the Acquired Assets by fire, storm, accident, or any other casualty or cause until the Closing has been consummated. If the Acquired Assets, or any part thereof, suffer any material damage prior to Closing, Planet Parties may, prior to Closing, terminate this Agreement and receive a return of the Deposit, or Planet Parties may defer the Closing for a period not in excess of sixty (60) days for the parties to attempt to renegotiate the provisions hereof (and upon failure of a written agreement to be reached by such renegotiation, Planet Parties shall again be entitled to terminate this Agreement For the purposes of this provision, a "material" damage of

the Acquired Assets shall mean damage with a fair market value greater than Five Hundred Thousand Dollars ($500,000.00), as reasonably determined by the insurance adjusters.

(j) No Negotiation. Until such time, if any, as this Agreement is terminated pursuant to Section 15, Transferors shall not, nor shall Transferors cause or permit any of Transferors representatives to, directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, or provide any nonpublic information to, any Person (other than the Planet Parties) relating to any merger, consolidation or combination to which the Transferors is a party, any sale, dividend, split or other disposition of Shares or any sale, dividend or other disposition of all or substantially all of the assets and properties of Warner and/or Newtonian, or any management agreement, joint venture, sublease or similar arrangement (an "Acquisition Transaction"). Transferors covenant that from the Effective Date through the Closing Date (or the termination of this Agreement), the Transferors shall not, directly or indirectly, enter into or authorize, or permit any representative to enter into, any negotiation, letter of intent, commitment, agreement, understanding, or agreement in principle with any third Person for an Acquisition Transaction.

(k) Disclosure Schedule.

(i) Between the Effective Date and the Closing Date, Transferors shall use Transferors' reasonable best efforts to promptly correct and supplement the information set forth on the Disclosure Schedule delivered by Transferors pursuant to this Agreement in order to cause such Disclosure Schedule to remain correct and complete in all respects, including, without limitation, if the Business commences operations. Transferors' delivery to Planet Parties of any corrections or supplements shall, without further notice or action on the part of Transferors or Purchaser, immediately and automatically constitute an amendment to the Disclosure Schedule to which such corrections and supplements relate; provided, however, that solely for purposes of determining whether the condition precedent pursuant to Section 12.(a) has been satisfied, or whether Purchaser has the right to terminate this Agreement pursuant to Section 15.(a), any such amendment to the Disclosure Schedule shall be disregarded.

(ii) The information in the Disclosure Schedule constitutes: (i) exceptions to particular representations, warranties, covenants and obligations of Transferors as set forth in this Agreement; or (ii) descriptions or lists of assets and other items referred to in this Agreement. If there is any inconsistency between the statements in this Agreement and those in the Disclosure Schedule (other than an exception expressly set forth as such in the Disclosure Schedule with respect to a specifically identified representation or warranty), the statements in this Agreement shall control.

(iii) The statements in the Disclosure Schedule, and those in any supplement thereto, relate only to the provisions in the Section of this Agreement to which they expressly relate and not to any other provision in this Agreement.

11. Closing Deliveries.

(a) Transferors' Closing Deliveries. On or before the Closing Date, Transferors shall execute, acknowledge and deliver (as appropriate) the following (collectively, "Transferors' Closing Documents"):

(i) From Desmet and Sibia, stock powers in the form attached hereto as Exhibit E and by this reference incorporated herein, with the certificate (if not uncertificated) representing the Shares endorsed to Purchaser;

(ii) From Warner, counterpart signature pages of Warner and Grove to the Assignment and Assumption of Lease in the form attached hereto as Exhibit F and by this reference incorporated herein;

(iii) From Warner, a Bill of Sale for the Improvements in the form attached hereto as Exhibit G and by this reference incorporated herein;

(iv) From Warner, an assignment and assumption agreement to transfer the Contracts assumed by Purchaser to Purchaser, respectively, pursuant to Section 4(a) and (c), in the form attached hereto as Exhibit H and by this reference incorporated herein (the "Assignment and Assumption Agreement");

(v) From Sibia and Desmet a FIRPTA Certificate;

(vi) From Warner an owner's affidavit, in the customary form acceptable to Warner, with respect to the absence of claims which would give rise to mechanics' liens and the absence of parties in possession of the Premises other than Warner, or such other assurances as shall be reasonably required;

(vii) certificates of good standing for Newtonian issued by the Delaware Secretary of State and for Warner issued by the New York Secretary of State no more than ten (10) days prior to the Closing Date;

(viii) such organizational and authority documents of Transferors as shall be reasonably required by Planet Parties to evidence Transferors' authority to consummate the transactions contemplated by this Agreement;

(ix) a Closing Statement, executed by Transferors, setting forth the debits and credits in connection with the Transaction evidenced by this Agreement;

(x) Signature pages to the Lock Up Agreement;

(xi) Executed Questionnaires; and

(xii) all such other instruments or documents as may be reasonably required by Planet Parties in order to consummate the transactions contemplated by this Agreement.

(b) Planet Parties' Closing Deliveries. On or before the Closing Date, Planet Parties shall execute, acknowledge and deliver (as appropriate) the following ("Planet Parties' Closing Documents"):

(i) the balance of the Cash Consideration subject to the Adjustment Amount, to accounts designated by Sibia and Desmet;

(ii) evidence that the Restricted Stock has been issued in the names of Sibia and Desmet, respectively on the Direct Registration book entry system maintained for Parent's stock;

(iii) a certificate of good standing for Planet Parties issued by the applicable Governmental Authority of each jurisdiction in which such entity is organized, not more than ten (10) days prior to the Closing Date;

(iv) such organizational and authority documents of Planet Parties as shall be reasonably required by Transferors to evidence each Planet Parties' authority to consummate the transactions contemplated by this Agreement;

(v) a Closing Statement, executed by Planet Parties, setting forth the debits and credits in connection with the transactions evidenced by this Agreement;

(vi) Signature page to the Lock Up Agreement;

(vii) Signature pages to the Assignment and Assumption of Lease, and Assignment and Assumption Agreement; and

(viii) all such other instruments or documents as may be reasonably required by Transferors in order to consummate the transactions contemplated by this Agreement.

12. Conditions Precedent.

(a) Conditions Precedent to Planet Parties' Obligations. The obligation of Planet Parties to Close the Transaction shall be subject to the following conditions (all or any of which may be waived in writing, in whole or in part, by Planet Parties):

(i) The representations and warranties made by Transferors shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, and Transferors shall have executed and delivered to Planet Parties a certificate dated as of the Closing Date to the foregoing effect;

(ii) Transferors shall have performed all covenants and obligations required by this Agreement to be performed or complied with by Transferors on or before the Closing Date;

(iii) On the Closing Date, (A) Warner's leasehold interest in the Premises shall be marketable and free-and-clear of all liens, mortgages, deeds of trust, Encumbrances, easements, leases, conditions and other matters affecting title other than the Permitted Encumbrances and (B) Grove shall have delivered the Consent to Assignment of Lease executed by Grove and containing provisions required by Section 10(e)(iv);

(iv) Planet 13 shall have received all necessary Governmental Approvals, including, without limitation, the Cannabis Approvals;

(v)Transferors shall have delivered all of Transferors' Closing Documents.

(b) Conditions Precedent to Transferor's Obligations. The obligation of the Transferors to complete the Transaction shall be subject to the following conditions (all or any of which may be waived in writing, in whole or in part, by the Transferors):

(i) The representations and warranties made by Planet Parties shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, and Planet Parties shall have executed and delivered to Transferors a certificate dated as of the Closing Date to the foregoing effect;

(ii) Planet Parties shall have performed all covenants and obligations required by this Agreement to be performed or complied with by Planet Parties on or before the Closing Date;

(iii) Planet Parties shall have received all necessary Governmental Approvals; and

(iv) Planet Parties shall have delivered all of Planet Parties' Closing Documents.

13. Closing.

(a) Closing Date. The consummation of the purchase and sale provided for in this Agreement (the "Closing") shall take place after January 1, 2020, within the earlier of (i) ten (10) days after the Planet Parties' submission to the Bureau of the notification of change of ownership of Newtonian to be effected by the Share Exchange, or (ii) receipt of Planet Parties' Annual License, subject to the satisfaction or waiver of all conditions precedent to Closing as further described in Section 12 (other than conditions which, by their nature, are to be satisfied on the Closing Date), but in any event not more than twelve (12) months after the Effective Date (the "Closing Date"). The Closing shall occur at the offices of Stuart Kane, LLP, 620 Newport Center Dr., Suite 200, Newport Beach, California, unless otherwise agreed to by the Parties.

(b) Cannabis Approval Extension. If, on or before the Closing Date specified in Section 13(a), all required Cannabis Approvals have not been received, and provided that Planet Parties have acted with commercially reasonable diligence in seeking to obtain all required Cannabis Approvals and has not been denied any such Cannabis Approvals, then Planet Parties may obtain a sixty-day (60) extension to the Closing Date by providing written Notice to Transferors and depositing a One Hundred Thousand U.S. Dollars ($100,000.00) as an extension fee with the Escrow Holder for such sixty-day extension, which extension fee shall become part of the Deposit, be non-refundable to Planet Parties, and be applied to the Cash Consideration at Closing.

(c) Resignations; Termination of all Bonds and Sureties. Desmet and Sibia shall deliver to the Planet Parties written resignations, effective as of the Closing Date, as a director, officer, and employee of Newtonian; provided however, Desmet shall remain as a director of Newtonian at the election of Planet Parties, and if so elected, may not resign as such director without the express written approval of Planet 13. Desmet and Sibia will arrange to have themselves removed from any surety bonds, guarantees and similar agreements and instruments that create a financial or legal obligation running from such Person to Newtonian or any other Person to the extent related to the Business and shall remove all of their designees from any Permits within five (5) Business Days of the Closing and take action to substitute Planet Parties' designee on each such Permit.

14. Prorations and Closing Expenses.

(a) Taxes, Utilities and Approved Contracts. All income and expenses related to the Approved Contracts (excluding the Lease and Buildout Loan), shall be apportioned between Planet Parties and Transferors as of 12:01 a.m. on the Closing Date and the Cruzado Payment shall reduce the Cash Consideration in an amount equal to the Cruzado Payment (collectively, the "Adjustment Amount"). Notwithstanding the foregoing, the Adjustment Amount shall not include any fees, costs, obligations or expenses related to the Lease or amounts to satisfy any obligations under the Buildout Loan, which shall be assumed by Purchaser. All delinquent Taxes and all delinquent assessments, if any, attributable to the Premises will be paid at the Closing from the Buildout Loan. Any supplemental Taxes billed after the Closing Date for periods prior to August 1, 2019, will be paid promptly by Transferors. This Section 14(a) shall survive the Closing.

(b) Other Provisions. Any amounts or fees payable under any Permitted Encumbrances shall be prorated as of 12:01 a.m. on the Closing Date.

(c) Method of Proration. All prorations will be made as of the date of Closing based on a 365-day year or a 30-day month, as applicable.

(d) Limitations on Expenses. Notwithstanding anything in this Agreement, any fees, costs and expenses related to the preparation, submission and revision of any application to extend, renew or change ownership of the Privileged License or a new Annual License or succession or transfer of the Regulatory Safety Permit shall not reduce the Deposit, nor reduce the Consideration nor be considered part of the Buildout Loan ("Planet Costs"). All Planet Costs shall be reimbursed or paid for directly by Planet Parties. In the event that final documentation of any such item is not available at the Closing, the required proration shall be made on the basis of the best available documentation and a further proration shall be made between the Parties when the final documentation or billing becomes available.

15. Termination and Remedies.

(a) Termination. This Agreement may be terminated and the transactions contemplated by this Agreement abandoned:

(i) by mutual written consent of Transferors and Planet Parties;

(ii) by either Transferors or Planet Parties, if not in default of its obligations hereunder, and any Governmental Authorities have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the consummation of the Transaction;

(iii) by Transferors if (A) there shall have been any material breach of a representation, warranty, covenant, or obligation of any Planet Party and, if such breach is curable, such default shall not have been remedied within ten (10) days after receipt of written Notice from Transferors specifying such breach and requesting that it be remedied (or if more than ten (10) days shall be required because of the nature of the default, if Planet Parties shall fail to diligently proceed to commence to cure the default after written notice) (B) any Planet Party shall commence a voluntary Insolvency Proceeding; or (C) an Insolvency Proceeding shall be commenced against Planet Party and such Insolvency Proceeding shall remain undismissed and unstayed for a period of sixty (60) days (collectively, "Planet Parties' Event of Default");

(iv) by Planet Parties if there shall have been any material breach of a representation, warranty, covenant, or obligation of the Transferors and, if such breach is curable,

such default shall not have been remedied within ten (10) days after receipt of written Notice from Planet Parties specifying such breach and requesting that it be remedied (or if more than ten (10) days shall be required because of the nature of the default, if Transferors shall fail to diligently proceed to commence to cure the default after written notice) ("Transferors' Event of Default");

(v) by Planet Parties prior to the expiration of the Due Diligence Period;

(vi) by either Transferors or Planet Parties if the Governmental Authorities have not approved the Transaction or Purchaser has not received all necessary Cannabis Approvals either: (A) on or before the Closing Date set forth in Section 13(a) if Planet Parties have opted not to exercise any of their extension options as set forth in Section 13(b) herein; or (B) upon the expiration of the extension term if Planet Parties have exercised their right to an extension pursuant to Section 13(b).

(b) Effect of Termination.

(i) Except as otherwise expressly provided in this Agreement, all fees and expenses incurred in connection with this Agreement and the Transaction shall be paid by the Party incurring such expenses, whether or not the Closing is consummated.

(ii) Upon the termination of this Agreement by Transferors pursuant to Planet Parties' Event of Default, the Deposit shall be payable to Transferors. Upon termination of this Agreement prior to the expiration of the Due Diligence Period or pursuant to a Transferors' Event of Default, termination pursuant to Section 9(a), 10(e) or 10(i) the Deposit shall be payable to Planet Parties.

(c) Remedies.

(i) UPON THE PLANET PARTIES' EVENT OF DEFAULT, AND IF TRANSFERORS HAVE PERFORMED ALL OF TRANSFERORS' OBLIGATIONS UNDER THIS AGREEMENT REQUIRED TO BE PERFORMED AT OR PRIOR TO THE TIME OF PLANET PARTIES' EVENT OF DEFAULT, ESCROW HOLDER MAY BE INSTRUCTED BY TRANSFERORS TO CANCEL THE AGREEMENT, AT WHICH TIME ALL PARTIES HERETO SHALL BE RELEASED FROM THEIR OBLIGATIONS HEREUNDER, EXCEPT FOR THOSE PROVISIONS THAT EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE BUILDOUT LOAN PLANET PARTIES AND TRANSFERORS AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH TRANSFERORS' DAMAGE BY REASON OF PLANET PARTIES' EVENT OF DEFAULT. ACCORDINGLY, PLANET PARTIES AND TRANSFERORS AGREE THAT IT WOULD BE REASONABLE AT SUCH TIME TO AWARD TRANSFERORS "LIQUIDATED DAMAGES" EQUAL TO THE AMOUNT OF THE DEPOSIT AND CANCELLATION OF THE OUTSTANDING LOAN AMOUNT OF BUILDOUT LOAN. TRANSFERORS AND PLANET PARTIES ACKNOWLEDGE AND AGREE THAT THE FOREGOING AMOUNT IS REASONABLE AS LIQUIDATED DAMAGES AND SHALL BE TRANSFERORS' SOLE AND EXCLUSIVE REMEDY IN LIEU OF ANY OTHER RELIEF, RIGHT OR REMEDY, AT LAW OR IN EQUITY, TO WHICH TRANSFERORS MIGHT OTHERWISE BE ENTITLED BY REASON OF PLANET PARTIES' EVENT OF DEFAULT. NOTWITHSTANDING THE FOREGOING, TRANSFERORS SHALL, IN ADDITION TO ANY LIQUIDATED DAMAGES PROVIDED

TO TRANSFERORS PURSUANT TO THIS AGREEMENT, RETAIN (1) THE RIGHT TO ENFORCE PLANET PARTIES' INDEMNIFICATION OBLIGATIONS HEREIN, AND (2) THE RIGHT TO RECOVER REASONABLE ATTORNEYS' FEES AND COSTS IN CONNECTION WITH SUCH ENFORCEMENT AND FOR THE ENFORCEMENT OF THE LIQUIDATED DAMAGES PROVISIONS OF THIS SECTION.

(ii)Upon Transferors' Event of Default, and if the Planet Parties have performed all of the Planet Parties' obligations under this Agreement required to be performed at or prior to the time of Transferors' Event of Default, Planet Parties shall be entitled to either: (i) seek specific performance of Transferor's obligations hereunder; or (ii) terminate this Agreement and shall be entitled to the return of the Deposit within one (1) day after written Notice of such termination is delivered by Planet Parties and to Escrow Holder, at which time all Parties hereto shall be released from their obligations hereunder, except for those provisions that expressly survive the termination of this Agreement. Planet Parties shall be entitled to bring an action against Transferors for specific performance of this Agreement without right to any damages or other equitable relief whatsoever. In addition, the Planet Parties shall have all rights granted them pursuant to the Buildout Loan documents. Nothing contained in this Section 15 shall relieve or limit the liability of a Party to this Agreement for any fraudulent or willful breach of this Agreement.

16. Miscellaneous.

(a) Entire Agreement. This Agreement embodies the entire agreement between the Parties relative to the subject matter hereof, and there are no oral or written agreements between the Parties, nor any representations made by any Party relative to the subject matter hereof, which are not expressly set forth herein. No change or modification of this Agreement shall be valid unless in writing and signed by both Planet Parties and Transferors. No waiver of any of the provisions of this Agreement shall be valid unless in writing and signed by the Party against whom it is sought to be enforced. Specifically, upon full execution of this Agreement by the Parties, the Letter of Intent entered into between the Parties dated April 26, 2019, and the Memorandum of Understanding entered into between the Parties dated June 6, 2019, are deemed terminated.

(b) Assignment Benefits and Burdens. Neither the Transferors nor the Planet Parties may assign any of its rights under this Agreement without the prior written consent of the other Parties, which consent may not be unreasonably withheld. All terms of this Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective legal representatives, successors and assigns.

(c) Governing Law; Prevailing Party Attorney Fees; Waiver of Jury Trial.

(i) This Agreement concerns property located in the State of California, and shall be construed and enforced in accordance with the Laws of the State of California.

(ii) Venue for any action, litigation, or proceeding arising out of or concerning this Agreement shall be in Orange County, California, and the Parties expressly consent to the jurisdiction of the state and federal courts located in Orange County, California.

(iii) Notwithstanding any provision in this Agreement to the contrary, in the event of a dispute with respect to the subject matter of this Agreement, the prevailing Party in any proceeding, including arbitration commenced to resolve such disputes, shall be entitled to an

award of its reasonable attorneys' fees and court or arbitration costs incurred in resolving or settling the dispute, in addition to any and all other damages or relief which the court or arbitrator may deem proper.

(iv) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTION OR THEREBY.

(d) Notices. All notices, consents, requests, demands, claims and other communications (each, a "Notice") required or permitted to be given or made under this Agreement must be in writing. Any notice, request, demand, claim, or other communication will be deemed duly given and received: (i) if personally delivered, when so delivered; (ii) if mailed, three (3) Business Days after having been sent by registered or certified U.S. mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below; (iii) if given by fax, once such notice or other communication is transmitted to the fax number specified below and the appropriate fax printout confirmation is received, provided that such notice or other communication is promptly thereafter mailed in accordance with the provisions of clause (ii) above; or (iv) if sent through a same-day or overnight delivery service in circumstances to which such service guarantees next day delivery, the day following being so sent:

To the Transferors: Sarah Sibia or Warner Management Group, LLC
[REDACTED]
[REDACTED]
Fax: None
Tel.: [REDACTED]
Email: [REDACTED]

Kyle Desmet or Newtonian Principles, Inc.
[REDACTED]
[REDACTED]
Fax: None
Tel.: [REDACTED]
Email: [REDACTED]

with a mandatory copy to (which shall not constitute Notice):
Stuart Kane LLP
620 Newport Center Dr., Unit 200
Newport Beach, California 92660
Fax: None
Tel.: [REDACTED]
Attn.: Cole F. Morgan
Email: [REDACTED]

To Planet Parties: Planet 13 Holdings, Inc.
BLC Management Company, LLC
2548 West Desert Inn Road

Las Vegas, Nevada 89109
Attn: Leighton Koehler
Fax: [REDACTED]
Tel.: [REDACTED]
Email: lkoehler@planet13lasvegas.com

with a mandatory copy to (which shall not constitute Notice):
Lewis Brisbois Bisgaard & Smith LLP
6385 S. Rainbow Blvd., Suite 600
Las Vegas, Nevada 89118
Fax: [REDACTED]
Tel.: [REDACTED]
Attn: Michael Kearney
Email: [REDACTED]

(e) Indemnification.

(i) Indemnification by Planet Parties. Subject to the limits set forth in this Section 16(e), Planet Parties jointly and severally agree to indemnify Transferors and each of their respective directors, officers, shareholders, managers, and agents, harmless from and in respect of any and all losses, damages, liability, costs and expenses (including, without limitation, reasonable expenses of investigation and defense fees and disbursements of counsel and other professionals) (collectively, "Losses"), arising directly or indirectly out of or directly or indirectly due to any material inaccuracy of any representation or the breach of any warranty, covenant, undertaking, assumption of liabilities (including, without limitation, contractual obligations) or other agreement of Planet Parties contained in this Agreement.

(ii) Indemnification by Transferors. Subject to the limits set forth in this Section 16(e), Sibia and Desmet jointly and severally, agree to indemnify, defend, and hold the Planet Parties harmless from and in respect of any and all Losses arising directly or indirectly out of or directly or indirectly due to (i) any material inaccuracy of any representation or the breach of any warranty, covenant, undertaking, or other agreement of the Transferors contained in this Agreement; and (ii) any claims by Randy Cruzado related to the Cruzado Agreement.

(iii) Survival of Representations, Warranties and Covenants; Limitations on Indemnity. The representations and warranties of the Parties (other than the Fundamental Representations) or in any instrument delivered pursuant to this Agreement will survive the Closing Date and will remain in full force and effect thereafter for a period of twelve (12) months. The representations and warranties of the Transferors contained in Section 6(d) and (j) the ("Fundamental Representations"), shall survive until expiration of the statute of limitations in respect thereof. Notwithstanding anything to the contrary contained herein, Planet Parties shall not be entitled to recover Losses from Transferors nor shall Transferors be entitled to recover Losses from Planet Parties unless and until the total of all claims for Losses with respect to any inaccuracy or breach of any such representations or warranties or breach of any covenants, undertakings or other agreements, whether such claims are brought under this Section 16(e) or otherwise, exceeds Twenty Five Thousand U.S. Dollars ($25,000.00) in the aggregate (the "Deductible"). If the total amount of such Losses exceeds the Deductible, then the Party entitled to recover hereunder shall be entitled to recover the amount of such Losses exceeding Twenty-Five Thousand U.S. Dollars ($25,000); provided, however, that the aggregate amount of Losses that may be recovered by Planet Parties from Transferors shall not exceed Three Million U.S. Dollars $2,500,000.00 (the "Cap"). Neither the Deductible or the Cap shall apply to Excluded

Liabilities, Losses arising from fraud, or breach of the Fundamental Representations. Notwithstanding anything in this Agreement, in no event shall any Party be required to indemnify any other Party, and no Party, nor any of its respective employees, agents or contractors shall be liable under any theory of liability to any other Party or any party claiming through or on behalf of such other Party for indirect, special, incidental, remote, or consequential damages including without limitation, lost profits and revenues arising under or in connection with this Agreement or the Transaction.

(iv) Materiality. Notwithstanding anything to the contrary in this Agreement, for purposes of determining whether there has been a breach and the amount of any Losses that are the subject matter of an indemnification claim, each representation, warranty and other provision contained in this Agreement and each ancillary agreement is to be read without regard and without giving effect to any materiality, material adverse effect or similar standard or qualification contained in such representation or warranty (as if such standard or qualification were deleted from such representation and warranty or other provision) unless described otherwise (e.g. "material breach"; "materially adverse", etc.).

(f) Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(g) Captions. The captions of the various sections and paragraphs of this Agreement have been inserted only for the purpose of convenience; such captions are not a part of this Agreement and shall not be deemed in any manner to modify, explain, enlarge or restrict any of the provisions of this Agreement.

(h) Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transaction is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that Transaction are fulfilled to the extent possible.

(i) Successors and Assigns. This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and their respective successors and assigns, and nothing in this Agreement, express or implied is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(j) Legal Representation of the Parties. Each Party hereto has participated in the drafting of this Agreement, which each Party acknowledges is the result of extensive negotiations between the Parties. In the event of any ambiguity or question of intent arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

(k) Time of the Essence. Time is of the essence with respect to the time periods set forth in this Agreement.

(l) Exchange or Installment Sale Cooperation. Planet Parties hereby acknowledge that Warner may elect to effect a tax-deferred exchange under Section 1031 of the *Internal Revenue Code* or to effect a tax-deferred installment sale under Section 453 of the *Internal Revenue Code,* but in either such event Transferors shall not on that account delay the Closing or cause additional expense to Planet Parties. Transferors' rights under this Agreement, but not Transferors' duties or obligations, may be assigned to a qualified intermediary under either Section 1031 or Section 453, for the purposes of completing such an exchange or installment sale. Planet Parties consent thereto and agree to cooperate with Transferors and the intermediary to permit the exchange or installment sale to be completed. In the event of such an exchange or installment sale and assignment, Transferors shall nonetheless convey title to the applicable property directly to Planet Parties as provided in this Agreement. In the event of such an exchange or installment sale and assignment, Transferors' duties and obligations, if any, under this Agreement for performance after Closing and Transferors' representations and warranties herein shall remain with Transferors' and not pass to, or be undertaken or assumed by, the intermediary.

[*Signatures appear on the following page.*]

IN WITNESS WHEREOF, Planet Parties and Transferors have signed this Agreement on the Effective Date.

PLANET PARTIES:

Planet 13 Holdings Inc., a Canadian corporation

By: /s/ Robert Groesbeck
Name: Robert Groesbeck
Its: Co-Chief Executive Officer

By: /s/ Larry Scheffler
Name: Larry Scheffler
Its: Co Chief Executive Officer

BLC Management Company, LLC, a Nevada limited liability company

By: /s/ Robert Groesbeck
Name: Robert Groesbeck
Its: Manager

By: /s/ Larry Scheffler
Name: Larry Scheffler
Its: Manager

TRANSFERORS:

Warner Management Group, LLC, a New York limited liability company

By: /s/ Sarah Sibia
Name: Sarah Sibia
Its: Manager

By: /s/ Sarah Sibia
Name: Sarah Sibia, Individually

Newtonian Principles Inc., a Delaware corporation

By: /s/ Kyle Desmet
Name: Kyle Desmet
Its: President

By: /s/ Kyle Desmet
Name: Kyle Desmet, Individually

EXHIBITS

Exhibit A	Lease
Exhibit B	Lock Up Agreement
Exhibit C	Questionnaire
Exhibit D	Intentionally Omitted
Exhibit E	Newtonian Stock Power
Exhibit F	Assignment and Assumption of Lease
Exhibit G	Bill of Sale
Exhibit H	Assignment and Assumption Agreement

SCHEDULES

Schedule 3(a)(ii)	Improvements
Schedule 3(a)(iii)	Furniture, Fixtures and Equipment
Schedule 3(b)(x)	Excluded Assets
Schedule 6(b)(i)	Consents
Schedule 6(c)	Legal Proceedings
Schedule 6(d)	Taxes
Schedule 6(i)	Environmental
Schedule 6(k)	Brokers

SCHEDULE 1

DEFINITIONS

"Acquired Assets" has the meaning ascribed to it in Section 3(a).

"Acquisition Transaction" has the meaning ascribed to it in Section 10(j).

"Adjustment Amount has the meaning ascribed to it in Section 14(c).

"Adult" or "Adults" means a person or persons, respectively, twenty-one (21) years of age or older.

"Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning ascribed to it in the introductory paragraph.

"Annual License" has the meaning ascribed to it in Section 5(e).

"Approved Contract" has the meaning ascribed to in Section 4(c).

"Asset Sale" has the meaning ascribed to it in Recital F.

"Assignment and Assumption Agreement" has the meaning ascribed to it in Section 11(a)(iii).

"Assignment and Assumption of Lease" has the meaning ascribed to it in Section 11(a).

"Assumed Liabilities" has the meaning ascribed to it in Section 4(a).

"Bill of Sale" has the meaning ascribed to it in Section 11(a).

"Books and Records" means all books, records, ledgers, files, information, data, and other written materials to the extent related to the ownership or operation of the Business, including, without limitation, books and records relating to accounting and tax matters.

"Buildout" has the meaning ascribed to it in Section 9(a).

"Buildout Loan" has the meaning ascribed to it in Section 9(a).

"Bureau" has the meaning ascribed to in Recital C.

"Business" has the meaning ascribed to in Recital D.

"Business Day" means any day other than a Saturday, Sunday, or other day on which commercial banks are authorized or required to close under the laws of the State of California.

"Canadian Securities Laws" means applicable Canadian provincial and territorial securities laws.

"Cannabis" means "cannabis" as defined by Section 11018 of the California Health and Safety Code, as amended, and "cannabis" as defined in Section 40-2 paragraph 7 of Chapter 40.

"Cannabis Approvals" means all Cannabis and land use regulatory registrations, findings of suitability, licenses, consents, approvals, waivers and authorizations that are necessary for the Planet Parties to complete the Transaction and to conduct (through ownership of Newtonian) Adult recreational sale of Cannabis Products at the Premises, including with limitation, a City of Santa Ana business license, a Regulatory Safety Permit, a Certificate of Occupancy and the Privileged License or Annual License.

"Cannabis Authority" means the Bureau and any other state, county or city regulatory or administrative authority, agency, board, commission or official responsible for or involved in the licensing and regulation of recreational cannabis cultivation and sales in any jurisdiction, including, within the State of California, the, Orange County, or the City of Santa Ana, including, without limitation, the Bureau

"Cannabis Laws" means all laws, statutes, regulations, rules, ordinances and codes pursuant to which any Cannabis Authority possesses regulatory, licensing, approval or permit authority over cannabis cultivation and the sale of recreational Cannabis Products conducted at the Premises, including Business and Professions Code Section 26000 et. seq. and Chapter 40.

"Cannabis Products" means "cannabis products" as defined by Section 11018.1 of the California Health and Safety Code, as amended, and "cannabis" as defined in Section 40-2 paragraph 7 of Chapter 40.

"Cash Consideration" has the meaning ascribed to it Section 2(a).

"Cash Consideration Escrow" has the meaning ascribed to it Section 2(e).

"Cap" has the meaning ascribed to it Section 16(e)(iii).

"CCC" means the California Corporations Code.

"Chapter 40" has the meaning ascribed to in in Section 6(h)(i).

"Closing" means the closing of the purchase and sale of the Acquired Assets in accordance with Section 13(a).

"Closing Date" means the date of Closing provided for in Section 13(a).

"Closing Statement" shall mean the statement prepared by the Parties in accordance with Section 11.

"Consideration" has the meaning ascribed to it in Section 2(a).

"Constituent Documents" means the articles or certificate of organization or incorporation, operating agreement, partnership agreement, bylaws, certificate of limited partnership, and all similar organizational or constituent governing documents of a Person.

"Contracts" means all contracts, agreements and obligations currently in force relating to the Acquired Assets, Newtonian and Warner including, without limitation, all sale, management,

construction, insurance, commission, architectural, engineering, operating, employment, service, supply and maintenance agreements.

"Cruzado Agreement" has the meaning ascribed to it in Section 10(e).

"Deductible" has the meaning ascribed to it Section 16(e)(iii).

"Deposit" has the meaning ascribed to it in Section 2(e).

"Designated Parking" has the meaning ascribed to it in Section 6(b)(v).

"Desmet" has the meaning ascribed to it in the Preamble.

"Disclosure Schedules" or "Schedule" means the Disclosure Schedules delivered by Transferors and Planet Parties concurrently with the execution and delivery of this Agreement.

"Due Diligence Period" has the meaning ascribed to in in Section 8(a)).

"Effective Date" has the meaning ascribed to it in the Preamble.

"Encumbrance" means any charge, claim, community or other marital property interest, condition, equitable interest, lien, option, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

"Entitlement Approval" has the meaning ascribed to in in Section 10(e).

"Entitlement Approval Extension" has the meaning ascribed to in in Section 10(e).

"Environmental Claim" has the meaning ascribed to it in Section 6(i).

"Environmental Law" means any Law or order relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or other Hazardous Material or wastes into the environment (including, without limitation, ambient air, soil, surface water, ground water, wetlands, land, subsurface strata, CERCLA or CERCLIS), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or other Hazardous Materials.

"Environmental Permits" has the meaning ascribed to it in Section 6.(i).

"Escrow Holder" means Lewis Brisbois or such other escrow holder as the Parties shall agree.

"Excluded Assets" has the meaning ascribed to it in Section 3(b).

"Excluded Liabilities" has the meaning ascribed to it in Section 4(b).

"Excluded Personal Property" has the meaning ascribed to it in Section 3(b).

"Express Representations" has the meaning ascribed to it in Section 7.

"FIRPTA" means the Foreign Interest in Real Property Transfer Act.

"Fundamental Representations" has the meaning ascribed to in in Section 16(e).

"Governmental Approvals" has the meaning ascribed to in in Section 10(d).

"Governmental Authority" means any federal, state, local, or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision (including any Cannabis Authority), or any self-regulated organization or other non-governmental regulatory authority or quasi-Governmental Authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"Governmental Regulation" means any Laws, ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, subdivision, zoning, environmental, toxic or hazardous waste, occupational health and safety, water, earthquake hazard reduction, and building and fire codes) of the Governmental Authorities bearing on the construction, alteration, rehabilitation, maintenance, use, operation or sale of the Acquired Assets.

"Grove" means Grove Investment Company, a California general partnership.

"Hazardous Substance" means asbestos, petroleum products and by-products, any other hazardous or toxic building material, and any hazardous, toxic, or dangerous waste, substance or material defined as such in or for the purpose of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601 et seq., any so called "Super fund" or "Super Lien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards or conduct concerning, any hazardous, toxic, or dangerous waste, substance or material or underground storage tanks, now in effect

"Improvements" has the meaning ascribed to it in Section 3(a)(ii).

"Insolvency Proceeding" shall mean any proceeding commenced by or against any Person under any provision of the Title 11 of the United States Code (11 U.S.C. 101 et seq.) or under any other bankruptcy or insolvency Law, including without limitation, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with such Person's creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

"Intangible Property" has the meaning ascribed to it in Section 3(a)(viii).

"Knowledge" means, with respect to Planet Parties , the actual knowledge of Larry Scheffler or Robert Groesbeck, and with respect to Transferors, the actual knowledge of Kyle Desmet and Sarah Sibia.

"Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"Lease" means that certain Standard Industrial Commercial Multi-Tenant Lease – Net, between Warner as Lessee and Grove, as Lessor, including all amendments and exhibits thereto and assignments thereof, in substantially the form attached hereto as Exhibit A and by this reference incorporated herein.

"License" means all licenses, Permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Government Authority, including without limitation the Privileged License.

"Losses" has the meaning ascribed to it in Section 16(e).

"Management Agreement" has the meaning ascribed to it in Section 9(b).

"Purchaser" has the meaning ascribed to it in the Preamble.

"Newtonian" has the meaning ascribed to it in the Preamble.

"Purchaser" has the meaning ascribed to it in the Preamble.

"Notice" has the meaning ascribed to in in Section 16(d).

"Ordinary Course of Business" means an action taken by a Person will be deemed to have been taken in the Ordinary Course of Business only if that action:

(i) is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person;

(ii) does not require authorization by the officer or director of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature; and

(iii) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as such Person.

"Parent" has the meaning ascribed to it in the Preamble.

"Party" means any of the Transferors or Planet Parties.

"Parties" means all of the Transferors and Planet Parties.

"Permit" means any license, approval, certificate, franchise, registration, permit, right of way, authorization, variance, subdivision map, plan, entitlement, and waiver acquired, being acquired, applied for, or used, and all agreements with, and any waivers, licenses, permits, and approvals from or to any Government Authority

"Permitted Encumbrances" means any easement, right of way, encroachment, conflict, discrepancy, overlapping of improvements, protrusion, lien, encumbrance, restriction, condition, covenant, exception, including the Lease and Assumed Liabilities, or other matter with respect to the Real Property, Premises, the Acquired Assets of the Business approved by Planet Parties.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, limited liability company, limited liability partnership, Governmental Authority, or other entity of whatever nature.

"Phase I Work of Improvement" has the meaning ascribed to it in Section 9(a).

"Phase II Work of Improvement" has the meaning ascribed to it in Section 9(a).

"Planet Costs" has the meaning ascribed to it in Section 14(a).

"Planet Parties' Agents" has the meaning ascribed to it in Section 8(a).

"Planet Parties' Closing Documents" has the meaning ascribed to it in Section 10(b).

"Premises" has the meaning ascribed to it in Recital B.

"Privileged License" has the meaning ascribed to it in Recital C.

"Purchaser" has the meaning ascribed to in the preamble.

"Questionnaire" means the form of accredited investor questionnaire attached hereto as Exhibit C.

"Real Property" means the commercial property commonly known as South Coast Business Center located at 3400, 2330, 3480, 3500 W. Warner Ave., Santa Ana, California.

"Regulatory Safety Permit" has the meaning ascribed to in Recital C.

"Rejected Contract" has the meaning ascribed to it in Section 4(c).

" Required Consent" has the meaning ascribed to it in Section 10(e).

"Restricted Stock" has the meaning ascribed to it in Section 2(1).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Security Device" means any ground lease, mortgage, deed of trust, or other hypothecation or security device now or hereafter placed upon the Premises.

"Share Exchanger" has the meaning ascribed to it in Recital F.

"Shares" has the meaning ascribed to it in Recital A.

"Sibia" has the meaning ascribed to it in the Preamble.

"Tangible Personal Property" means all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, and other items of tangible personal property (other than Operating Supplies) of every kind owned or leased by Warner or Newtonian (wherever located and whether or not carried on the Books and Records), together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof and all maintenance records and other documents relating thereto.

"Taxes" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, customs, duties or other taxes, fees,

assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"Transaction" means the transactions contemplated by this Agreement.

"Transaction Documents" means this Agreement and the other agreements, instruments and documents required to be delivered at Closing.

"Transferors" has the meaning ascribed to it in the Preamble

"Transferors' Agents" has the meaning ascribed to it in the Section 8(c).

"Transferors' Closing Documents" has the meaning ascribed to it in Section 11(a).

"Transferors' Expense Reimbursement" has the meaning ascribed to it in the Section 2(d).

"Transferors' Related Parties" has the meaning ascribed to it in the Section 8(f).

"Warner" has the meaning ascribed to it in the preamble.

"Work Product" means all documents delivered to Planet Parties by Transferors related to the Real Property and all other reports, studies and documents prepared by third parties in connection with Planet Parties' investigation of the Real Property. Work Product does not include Planet Parties' internal confidential memoranda relative to the Real Property.

"Work of Improvement" has the meaning ascribed to it in the Section 3(b).

Schedule 3(a)(ii)
Improvements

Subject to the terms and conditions of the Lease, the improvements constructed or partially constructed by Warner at the Premises as of the Closing Date in their as-is condition, which include the improvements completed or partially completed as of the Closing Date pursuant to the final plans by John G. Cataldo for the Buildout.

Schedule 3(a)(iii)
Furniture, Fixtures and Equipment

None.

Schedule 3(b)(iii)
Excluded Assets, Properties and Rights

The personal assets, properties, and rights of Sibia and Desmet.

Schedule 6(b)(i)
Required Consents

1. As required under the Lease;
2. As required by the Cruzado Agreement;
3. As required by any Security Device (as defined by the Lease);
4. As required pursuant to any agreement with the Planet Parties;
5. As required under applicable Cannabis Laws;
6. As required under Chapter 40.

Schedule 6(c)
Legal Proceedings

[REDACTED]

Schedule 6(d)
Taxes

Schedule 6(i)
Environmental

1. As disclosed on Exhibit B to the Lease.

2. As disclosed in that certain Simi-Annual Groundwater Monitoring Report Second Half 2018 by Arcadis for the South Coast Business Center dated February 12, 2019.

Schedule 6(k)
Brokers

1. As required by the Cruzado Agreement.
2. Matt Young

HD Draft 4.16

AMENDMENT NO. 1 TO ACQUISITION AGREEMENT

THIS AMENDMENT NO. 1 TO ACQUISITION AGREEMENT (the "Amendment") is made this 16th day of April 2020, by and among BLC Management Company, LLC, a Nevada limited liability company ("Purchaser"), Planet 13 Holdings Inc., a corporation organized under the Canada Business Corporations Act ("Parent" and together with Purchaser the "Planet Parties"), Kyle Desmet ("Desmet"), Newtonian Principles Inc., a Delaware corporation ("Newtonian") Warner Management Group, LLC, a New York limited liability company ("Warner") and Sarah Sibia ("Sibia," and together with Desmet, Newtonian and Warner, the "Transferors").

RECITALS

WHEREAS, Transferors and the Planet Parties are parties to (i) that certain Acquisition Agreement dated December 20, 2019 (as amended hereby and as may be further amended, restated, extended, supplemented and/or otherwise modified from time to time, the "Agreement"), and (ii) the other Transaction Documents (as defined in the Agreement, and as amended to date and as may be further amended, restated, extended, supplemented and/or otherwise modified from time to time); and (iii) that certain the Construction Loan Agreement dated December 20, 2019 and related loan documents (the "Buildout Loan"); and

WHEREAS, the Parties desire to make certain amendments to the Agreement and the other Transaction Documents subject to the terms and conditions as set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

1.01 **Capitalized Terms**. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Agreement, and the rules of construction set forth in the Agreement shall apply to this Amendment.

ARTICLE II
AMENDMENT TO PURCHASE AGREEMENT

2.01 **Withdrawal of Notice of Termination of Acquisition Agreement**. The Planet Parties hereby withdraw, cancel and void that certain Notice of Termination of Acquisition Agreement dated as of April 10, 2020 issued by the Planet Parties to Transferors. If such notice caused termination of the Agreement, the Agreement is hereby reinstated in its entirety as amended by this Amendment.

2.02 **Buildout Loan**. The Buildout Loan shall be terminated and forgiven in full on the earlier of: (a) the Closing; or (b) notwithstanding any provision of the Agreement, termination of the Agreement.

2.03 **Amendments of the Agreement**. The Agreement is hereby amended (a) to delete the red or green stricken text (indicated textually in the same manner as the following examples: ~~stricken text~~) and (b) to add the blue or green double-underlined text (indicated textually in the same manner as the following

examples: double-underlined text), in each case, as set forth in the marked copy of the Agreement attached hereto as Exhibit A and made a part hereof for all purposes.

ARTICLE III
NO WAIVER

3.01 No Waiver. Nothing contained in this Amendment shall be construed as a waiver by the any Party of any covenant or provision of the Agreement, the other Transaction Documents, this Amendment or of any other contract or instrument between the Parties, and the failure of either Party at any time or times hereafter to require strict performance by the other Party of any provision thereof shall not waive, affect or diminish any right of either Party to thereafter demand strict compliance therewith. Each Party hereby reserves all rights granted under the Agreement, the other Transaction Documents, this Amendment and any other contract or instrument between the Parties.

ARTICLE IV
COVENANTS

4.01 Covenants of Parties.

(a) The Planet Parties shall immediately make the Additional Deposit.

(b) Planet Parties shall immediately take all necessary action to promptly process and receive a licenses necessary to operate a Cannabis dispensary at the Premises, including but not limited to, payment of all fees related to such licenses.

(c) The Transferors shall deliver to the Planet Parties a true and correct copy of Amendment No. 2 to the Lease containing a provision providing for a twenty-five percent (25%) Base Rent (as defined in the Lease) abatement beginning April 1, 2020 and ending the earlier of Planet 13 (or its affiliate) opening for business to the public at the Premises (or a portion thereof) or April 1, 2021.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

5.01 Power and Authority. Each Party has the power and authority to enter this Amendment and the other Transaction Documents to which it is a party and to incur any obligations thereunder. As of the date hereof, the execution, delivery, and performance of this Amendment, and the other Transaction Documents by each Party will have been duly authorized by all necessary corporate, limited liability company, or other entity action (and, if necessary, equity holder action), in each case, to the extent applicable to such Party. The execution, delivery, and performance by each Party of this Amendment, and the other Transaction Documents to which each Party is a party and the consummation of the transactions contemplated by this Amendment and the other Transaction Documents do not violate, conflict with, or cause a breach or default under (a) any applicable law, (b) the corporate charter or articles or certificate of formation, incorporation or organization, bylaws, limited liability company agreement, operating agreement, partnership agreement or other organizational documents of any Party or (c) any agreement or order by which a Party is bound. This Amendment, and the other Transaction Documents are the legally valid and binding obligations of the applicable Party respectively, each enforceable against each party, as applicable, in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally or by general principles of equity.

ARTICLE VI
MISCELLANEOUS PROVISIONS

6.01 Survival of Representations and Warranties. All representations and warranties made in the Amendment and the other Transaction Documents, including, without limitation, any document furnished in connection with this Amendment, shall survive the execution and delivery of this Amendment and the other Transaction Documents for a period of twelve (12) months following the Closing Date.

6.02 References to Agreement. Each of the Agreement and the other Transaction Documents, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Agreement, as amended hereby, are hereby amended so that any reference in the Agreement and such other Transaction Documents to the Agreement shall mean a reference to the Agreement as amended hereby.

6.03 Costs and Expenses. Each Party agrees to pay all costs and expenses incurred by such Party in connection with any and all amendments, modifications, and supplements to the Transaction Documents effected by this Amendment.

6.04 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

6.05 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of each Party and each of their respective successors and assigns, except that no Party may assign or transfer any of their respective rights or obligations hereunder without such consent as is required under the Agreement.

6.06 Counterparts. This Amendment may be executed and delivered in one or more counterparts (including by PDF or other means of electronic transmission), each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

6.07 Further Assurances. Each Party agrees to execute and deliver such other and further documents and instruments as a Party may request to implement the provisions of this Amendment.

6.08 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

6.09 Applicable Law. THIS AMENDMENT AND ALL OTHER AGREEMENTS EXECUTED PURSUANT HERETO SHALL BE DEEMED TO HAVE BEEN MADE AND TO BE PERFORMABLE IN AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

6.10 Final Agreement. THE AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS, EACH AS AMENDED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AMENDMENT IS EXECUTED. THE AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS, AS AMENDED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AMENDMENT OF ANY PROVISION OF

THIS AMENDMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY EACH OF THE PARTIES HERETO.

6.11 Full Opportunity for Review; No Undue Influence. Each Party has reviewed this Amendment and acknowledges and agrees that it (a) understands fully the terms of this Amendment and the consequences of the issuance hereof, (b) has been afforded an opportunity to have this Amendment reviewed by, and to discuss this Amendment with, such attorneys and other Persons as it may wish, and (c) has entered into this Amendment of its own free will and accord and without threat or duress. This Amendment and all information furnished by a Party to another Party is made and furnished in good faith, for value and valuable consideration. This Amendment has not been made or induced by any fraud, duress or undue influence exercised by a Party or any other Person.

[*Signature pages follow.*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

Planet 13 Holdings, Inc., a Canadian Corporation

By: /s/ Robert Groesbeck
Name: Robert Groesbeck
Title: Co-President

By: /s/ Larry Scheffler
Name: Larry Scheffler
Title: Co-President

BLC Management Company, LLC, a Nevada limited liability company

By: /s/ Robert Groesbeck
Name: Robert Groesbeck
Title: Manager

By: /s/ Larry Scheffler
Name: Larry Scheffler
Title: Manager

Warner Management Group, LLC, a New York limited liability company

By: /s/ Sarah Sibia
Name: Sarah Sibia
Its: Manager

By: /s/ Sarah Sibia
Name: Sarah Sibia, Individually

Newtonian Principles Inc., a Delaware corporation

By: /s/ Kyle Desmet
Name: Kyle Desmet
Its: President

By: /s/ Kyle Desmet
Name: Kyle Desmet, Individually

ACQUISITION AGREEMENT

This ACQUISITION AGREEMENT (as modified by that certain Amendment No.1 to Acquisition Agreement dated April 16, 2020) (collectively, this "Agreement"), dated December 20, 2019 (the "Effective Date"), is by and among BLC Management Company, LLC a Nevada limited liability company ("Purchaser") and Planet 13 Holdings, Inc., a corporation organized under the Canada Business Corporations Act ("Parent" and together with Purchaser, collectively, the "Planet Parties"), and Kyle Desmet ("Desmet"), Newtonian Principles Inc., a Delaware corporation ("Newtonian"), Warner Management Group, LLC, a New York limited liability company ("Warner") and Sarah Sibia ("Sibia" and together with Desmet, Newtonian and Warner the "Transferors").

RECITALS

A. Sibia owns 51,000 shares and Desmet 49,000 shares of the capital stock, $0.0001 par value per share, of Newtonian consisting of all of the issued and outstanding shares of capital stock of Newtonian (the "Shares");

B. Warner leases Units A, B, E, F, F, F-2 (also known as F-1), G, H, K, L and M located in the commercial industrial/business park complex at 3400 W. Warner Ave., Santa Ana, California, 92704 (collectively the "Premises") pursuant to the terms of a lease dated May 1, 2018 between Grove and Warner, as subsequently amended (the "Lease");

C. Newtonian has been issued a temporary Adult-use Cannabis retailer license identified as C10-18-0000248-TEMP, which was converted to a provisional Adult-use Cannabis retailer license identified as C10-0000451-LIC (collectively, the "Privileged License") by the State of California Bureau of Cannabis Control ("Bureau") with respect to Units F-2 and G of the Premises permitting Newtonian to sell recreational Cannabis to Adults, subject to acquiring a Regulatory Safety Permit with respect to the Premises, or portion thereof, from the City of Santa Ana, California (the "Regulatory Safety Permit"), and satisfying all conditions related thereto;

D. Newtonian has entered into a sublease of the Premises, or portion thereof, to buildout, develop and operate an adult recreational Cannabis dispensary location at the Premises, or portion thereof (the "Business");

E. Purchaser is a wholly owned subsidiary of Parent;

F. Warner desires to sell the Lease and the other tangible assets of Warner to Purchaser (the "Asset Sale"), and Desmet and Sibia desire to exchange the Shares for Parent Restricted Stock (the "Share Exchange"), and the Planet Parties wish to purchase the Warner assets in the Asset Sale and to effectuate the Share Exchange t; and

G. Subject to the terms and conditions of the Lease, the Parties desire that Warner apply for necessary permits and approvals to commence and complete construction of the minimal necessary improvements to the Premises, or portion thereof, under the supervision of, and at the cost and expense of, the Planet Parties, in advance of the Closing such that the necessary Regulatory Safety Permit, certificate of occupancy, and business license may be issued to Newtonian.

H. Close of the Transaction shall occur as such time as the Planet Parties have received: (i) a Privileged License issued by the Bureau for the operation of a cannabis dispensary at the Premises, and

(ii) a certificate of occupancy, Regulatory Safety Permit, and business license in respect of the Premises from the City of Santa Ana.

~~,~~NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Definitions; Recitals.

(a) Definitions. For all purposes, capitalized terms in this Agreement shall have the respective meanings set forth below in this Agreement in Schedule 1 to this Agreement.

(b) Recitals. The Recitals are hereby incorporated herein by this reference.

2. Consideration, Purchase, Share Exchange; Allocations.

(a) Aggregate Consideration. The consideration will be ~~Ten~~Five Million U.S. Dollars ($~~10,000,000.00~~5,000,000.00) plus the cancellation of the Buildout Loan (the "Consideration"), plus or minus, as applicable, the Adjustment Amount, plus the Cruzado Payments, and shall be payable as follows:

(i) ~~Six~~One Million U.S. Dollars ($~~6,000,000.00~~1,000,000.00) cash plus or minus, as applicable, the Adjustment Amount (the "Cash Consideration");

(ii) ~~2,039,808~~3,940,932 shares of Parent Class A common stock having a value of Four Million U.S. Dollars ($4,000,000) ~~as of the June 6, 2019~~ measured on the basis of the average closing price of such shares for the following five trading days: April 15, 2020, April 14, 2020, April 13, 2020, April 9, 2020 and April 8, 2020, which shares shall be subject to subject to a Lock Up Agreement in the form attached hereto as Exhibit B and incorporated herein by this reference (the "Restricted Stock"); ~~and~~

(iii) Cancellation of the Buildout Loan; and

(iv) Payment on the opening date of a Cannabis dispensary located at the Premises (or portion thereof) of the sum of Twenty Thousand ($20,000) to Cruzado; plus the further sum of Forty Thousand Dollars ($40,000.00) on the day that is ninety (90) days after such opening, plus the further sum of Five Thousand Dollars ($5,000.00) on the date of the first annual renewal by the Bureau of the Privileged License (the "Cruzado Payments").

(b) Allocation of Consideration. The Parties agree that the total consideration for the ~~Assets~~Asset Sale shall consist of the Cash Consideration together with the assumption of the then current balance of the Buildout Loan. The Cash Consideration shall be allocated to the Lease and other assets of the Asset Sale except that the Buildout Loan shall be allocated to the Improvements and the amounts paid under the Lease.

(c) Purchase and Share Exchange. On the Closing Date, subject to and upon the terms and conditions of this Agreement, Warner shall assign, sell, transfer and convey the Lease to Purchaser by delivery of Assignment and Assumption of Lease and shall convey the Improvements to Purchaser by a Bill of Sale. On the Closing Date, Sibia shall exchange 51,000 Shares for ~~1,040,302~~2,009,875 shares of the Restricted Stock and Desmet shall exchange 49,000 of the Shares for ~~999,506~~1,931,057 shares of the Restricted Stock. The Parties intend that the Share Exchange be treated as a stock-for-stock exchange qualifying as a reorganization described

in Code Sections 368(a)(1)(B). The Parties acknowledge that the Asset Sale will be an acquisition of the assets of Warner for tax purposes.

(d) Resignations. ~~If the Bureau shall have received a notification of change of ownership of the Privileged License and, at the election of the Planet Parties, Desmet is to continue to be involved, the directors of Newtonian shall consist of Desmet and two persons appointed by Parent. If Planet Parties make such election to have Desmet continue to serve as a director of Newtonian, Desmet shall serve as a director of Newtonian as the discretion of Parent and may be removed, with or without cause, at any time.~~ Intentionally Omitted.

(e) Deposit, Expense Reimbursement. ~~Upon execution of this Agreement by the~~The Planet Parties~~, the Purchaser shall deposit~~ deposited with Escrow Holder: an earnest money deposit (the "Initial Deposit") in the amount of Two Hundred Thousand U.S. Dollars ($200,000.00). As of the Effective Date of the Amendment No.1 Acquisition Agreement, Planet 13 or Purchaser shall deposit an additional sum of Eight Hundred Thousand Dollars ($800,000) the "Additional Deposit" which together with the Initial Deposit are hereinafter referred to collectively as the "Deposit". The Deposit shall be held in escrow subject to the terms of this Agreement. ~~In addition, upon receipt by Newtonian of the Regulatory Safety Permit for the Phase I Improvements, the Planet Parties shall deposit the Cash Consideration in an escrow pursuant to an escrow Agreement to be agreed upon by the Parties (the "Cash Consideration Escrow").~~ In the event that Planet Parties provide Transferors with written Notice terminating this Agreement: (i) ~~prior to the expiration of the Due Diligence Period; (ii)~~ as provided under Section ~~9(a), 10(e) or~~ 10(i), or (~~iii~~ii) pursuant to a Transferors' Event of Default in accordance with Section 15, and provided Planet Parties have performed all of Planet Parties' obligations under this Agreement required to be performed at or prior to the time of Transferors' Event of Default, the Deposit ~~and the Cash Consideration Escrow funds~~ shall be fully refundable to Planet Parties within one (1) Business Day of such written Notice, less any Transferor Expense Reimbursement previously paid. At the Closing, the Deposit ~~and the Cash Consideration Escrow Funds~~ shall be released to the Transferors and applied to the Cash Consideration. Transferors may submit for reimbursement of reasonable transactional costs in connection with the Transaction arising after April 26, 2019 for release by the Escrow Holder. Release of funds to Transferor related to Transferor's requests for reimbursement shall (i) be subject to Purchaser's approval at the sole and reasonable discretion of the Purchaser, (ii) be made in writing to the Purchaser, (iii) be related to the Transaction, and (iv) be accompanied by substantiating documentation verifying the amount of the reimbursement requested ("Transferor Expense Reimbursement"). Purchaser agrees that it shall review the request for reimbursement in good-faith and not unreasonably withhold or delay its response to Transferor's request for reimbursement. All such Transferor Expense Reimbursements shall reduce the amount of the Deposit, and shall be a credit against the Cash Consideration. Notwithstanding the foregoing, all references to "Deposit" herein shall mean the Deposit as reduced by the Transferor Expense Reimbursement.

(f) Closing. On or before 5:00 p.m., Pacific Time, on the Closing Date, Planet Parties shall wire transfer to accounts designated by Warner the Cash Consideration, in immediately available U.S. funds, plus or minus any net Adjustment Amount provided for herein, shall deliver to Desmet and Sibia, evidence of registration of the Restricted Stock in the Direct Registration book entry system maintained for the Parent's shares, subject to the legends described in the Lock Up Agreement and this Agreement, and shall deliver, execute or otherwise provide all materials and documentation to effectively transfer ownership of the Restricted Stock to Desmet and Sibia in the number of shares and allocation provided in Section 2 of this Agreement with good and marketable title to the Restricted Stock, free and clear of all Encumbrances and convey, free and clear of all claims, any and all rights and benefits incident to

the ownership of such Restricted Stock. On or before 5:00 p.m., Pacific Time, on the Closing Date, the transfer of the Shares and the Acquired Assets as contemplated herein will (i) pass good and marketable title to the Shares and the Acquired Assets, free and clear of all Encumbrances except for any Permitted Encumbrances and terms of Lock Up Agreement and (ii) convey, free and clear of all claims, any and all rights and benefits incident to the ownership of such Shares and the Acquired Assets.

3. Acquired Assets and Excluded Assets.

(a) Acquired Assets. Subject to the terms and conditions contained in this Agreement and the Lease, at the Closing, Newtonian or Warner shall possess all right, title and interest in and to all of the following assets required for use in the Business free and clear of all Encumbrances other than Permitted Encumbrances: (collectively, the "Acquired Assets"):

(i) the Lease;

(ii) all improvements located at the Premises set forth in Schedule 3(a)(ii) attached hereto together with such additional improvements constructed by Warner prior to the Closing Date, (collectively, the "Improvements");

(iii) all furniture, furnishings, fixtures, equipment, computers, and non-consumable items used in the operation of the Business and set forth in Schedule 3(a)(iii) attached hereto;

(iv) operating inventories and supplies consisting of the Cannabis and the Cannabis Products, if any if the Business is then in operation (collectively, the "Operating Supplies");

(v) all non-personal telephone numbers, facsimile numbers, email addresses, websites, or other communication assets of the Business;

(vi) all plans, specifications, drawings, engineering reports, surveys, and records paid for by and in the possession of Transferors with respect to the Lease, the Premises, the Improvements, and the Operating Supplies;

(vii) such other Approved Contracts; and

(viii) all intangible personal property owned by Newtonian and used exclusively in connection with the operation of the Business, including, software, and accessories (collectively, the "Intangible Property").

(b) Excluded Assets. Other than the Acquired Assets set forth in Section 3(a), Planet Parties expressly understand and agree that they are not acquiring, and Transferors are not selling or assigning, any of the following assets or properties of the Transferors (the "Excluded Assets"):

(i) all data, files and other materials located on any storage device (including personal computers, mobile devices, and servers) located at the Business that: (A) is not a part of the Acquired Assets; (B) is not used or held exclusively for use in connection with the Business; or (C) comprises a portion of any Excluded Asset or Excluded Liability;

(ii) all rights that accrue or will accrue to Transferors under the Transaction Documents; and

(iii) the assets, properties, and rights set forth on Schedule 3(b)(iii) ("Excluded Personal Property").

4. Assumed Liabilities and Excluded Liabilities.

(a) Assumed Liabilities. Subject to the terms and conditions set forth herein, as of the Closing, Purchaser shall assume, satisfy, pay, perform, discharge, and be solely responsible for all liabilities and obligations of Newtonian, except for the Excluded Liabilities, and shall assume the Buildout Loan (collectively, the "Assumed Liabilities").

(b) Excluded Liabilities. Planet Parties shall not assume and shall not be responsible to pay, perform or discharge any of the following liabilities or obligations of Transferors (collectively, the "Excluded Liabilities").

(i) any liabilities or obligations arising out of or relating to Transferors' ownership or operation of the Business and the Acquired Assets prior to the Closing Date, including without limitation, Taxes, but excluding the Buildout Loan;

(ii) any liabilities or obligations relating to or arising out of the Excluded Assets;

(iii) any liabilities or obligations of Transferors relating to or arising out of: (A) the employment, or termination of employment, of any employee prior to the Closing; (B) workers' compensation claims of any employee that relate to events occurring prior to the Closing Date; or (C) ~~the Cruzado Agreement or~~ the claim by Ali Kazempour related to an alleged "finder's fee"; and

(iv) any liabilities or obligations for: Taxes relating to the Business, the Acquired Assets, or the Assumed Liabilities for any taxable period ending prior to the Closing Date.

(c) Contracts. At Closing, the Purchaser shall assume all Contracts to the extent the Approved Contracts are assignable. Prior to expiration of the Due Diligence Period, Purchaser shall deliver written notice to Transferors of those Contracts which the Planet Parties, in their sole and absolute discretion, elects to approve and not terminate (the "Approved Contracts"). Any Contract which the Planet Parties fail to elect to assume in writing by notice to Transferors prior to expiration of the Due Diligence Period is referred to as a "Rejected Contract". Planet Parties hereby approve the Lease, guaranty of lease executed by Newtonian, the Buildout Loan and all agreements entered into with governmental authorities. Transferors shall use commercially reasonable efforts to cause the Rejected Contracts to be terminated. All costs and expenses incurred in terminating the Rejected Contracts shall be paid by the Transferors, or, if applicable, prorated based upon the Closing Date. The payment obligations under the Approved Contracts shall be prorated between Purchaser and Transferors as of the Closing Date in accordance with Section 14(a) below.

5. Representations and Warranties of the Planet Parties. Each Planet Party hereby represents and warrants to Transferors, that the statements contained in this Section 5 are true and correct as of the Effective Date and shall be true and correct as of the Closing:

(a) Organization and Authority of Planet Party; Enforceability. Each Planet Party is an organization duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each Planet Party has full power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the Transaction. The execution, delivery and performance by Planet Parties of this Agreement and the documents to be delivered hereunder and the consummation of the Transaction have been duly authorized by all requisite corporate action on the part of Planet Parties. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Planet Parties, and (assuming due authorization, execution and delivery by Transferors) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Planet Parties enforceable against Planet Parties in accordance with their respective terms.

(b) No Conflicts; Consents; Compliance with Laws.

(i) The execution, delivery and performance by Planet Parties of this Agreement and the other Transaction Documents to which they are a Party, and the consummation of the Transaction and thereby, do not and will not: (A) result in a violation or breach of any provision of the Constituent Documents of the applicable Planet Party; (B) require the consent, or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any agreement to which a Planet Party is a party, or (C) subject to the approvals, filings and other matters referred to in Section 5(b)(ii), result in a violation or breach of any provision of any Law, order, or approval applicable to a Planet Party.

(ii) No approval, order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect of a Planet Party in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the Transaction and thereby, except for: (A) approvals required under applicable Cannabis Laws; or (B) filing required by Parent under applicable securities Laws.

(c) Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Transaction or any other Transaction Document based upon arrangements made by or on behalf of Planet Parties.

(d) Legal Proceedings. There are no actions, suits, claims, investigations or other legal proceedings pending or, to Planet Parties' knowledge, threatened against or by Planet Parties or any Affiliate of Planet Parties that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement or materially and adversely affect any Planet Party following the Closing.

(e) Regulatory Matters. No director, manager, officer or service provider of Planet Parties or its subsidiaries has made any untrue statement of a material fact or a fraudulent statement to any Governmental Authority, failed to disclose any material fact required to be disclosed to any Governmental Authority, or committed an act or crime, made a statement or failed to make a statement that, at the time such act, statement or omission was made, could reasonably be expected to provide a basis for any Governmental Authority to invoke its policies regarding such matters or could reasonably be expected to provide a basis for denial of Planet Parties' succession to the Regulatory Safety Permit or for denial of Planet Parties ability to apply for, or obtain, a new Adult-use Cannabis retailer license in California at the Premises, which may be provisional in nature (the "Annual License") or obtain the Privileged License.

(f) Sufficiency of Consideration. The Planet Parties have, and will continue to have until the final payment at Closing is paid, sufficient cash on hand or other sources of immediately available funds to enable it to make the payment to the applicable Transferor of Cash Consideration and the Deposit payment and consummate the transactions contemplated by this Agreement. The Planet Parties have, and will continue to have until the final payment at Closing is paid, sufficient Restricted Stock to enable it to make the payment of the Restricted Stock set forth in Section 2(a)(ii) and consummate the Transaction.

6. Representations and Warranties of the Transferors. Each of Sibia, Desmet, Newtonian and Warner jointly and severally represent and warrant to the Planet Parties that the statements contained in this Section 6 are true and correct as of the Effective Date and shall be true and correct as of the Closing:

(a) Organization and Authority of Transferors; Enforceability. Warner is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New York, and is qualified to do business in the State of California. Newtonian is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is qualified to do business in the State of California. Sibia and Desmet are individuals with residence in the State of California. Each Transferor has full power and authority to enter into this Agreement and the documents to be delivered hereunder, to carry out its obligations hereunder and to consummate the Transaction. The execution, delivery and performance by Transferors of this Agreement and the documents to be delivered hereunder and the consummation of the Transaction have been duly authorized by all requisite action on the part of Transferors. This Agreement and the documents to be delivered hereunder have been duly executed and delivered by Transferors, and (assuming due authorization, execution and delivery by Planet Parties, Grove, and Governmental Authorities, if applicable) this Agreement and the documents to be delivered hereunder constitute legal, valid and binding obligations of Transferors, enforceable against Transferors in accordance with their respective terms.

(b) No Conflicts; Consents.

(i) The execution, delivery and performance by Transferors of this Agreement and the other Transaction Documents to which each is a Party, and the consummation of the Transaction, do not and will not: (A) result in a violation or breach of any provision of the articles the Constituent Documents of Warner or Newtonian (B) except as set forth on Schedule 6(b)(i) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default under or result in the acceleration of any Contract; or (C) subject to the approvals, filings, and other matters referred to in Section 6(b)(ii) conflict with or violate any Permit, judgment or Law (except federal law to the extent it is inconsistent with Cannabis Laws) applicable to Transferors or the Acquired Assets.

(ii) To the knowledge of Transferors, no approval, governmental order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Transferors in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the Transaction and thereby, except for: (A) approvals required under applicable Cannabis Laws; and (B) approvals required under Chapter 40.

(c) Legal Proceedings. To the Knowledge of Transferors, except as set forth on Schedule 6(c), there are no actions, suits, claims, investigations or other legal proceedings pending or, to Transferors' Knowledge, threatened against Transferors relating to the Business, the Premises, the Acquired Assets, or the Assumed Liabilities.

(d) Taxes. Except as set forth on Schedule 6(d), Transferors have filed (taking into account any valid extensions) all material Tax returns with respect to the Business required to be filed by Transferors and has paid all Taxes shown thereon as owing. Transferors are not currently the beneficiary of any extension of time within which to file any material Tax return other than extensions of time to file Tax returns obtained in the Ordinary Course of Business. Sibia and Desmet are not "foreign persons" as that term is used in Treasury Regulations Section 1.1445-2. Newtonian has at all times been a C corporation for state and federal income tax purposes.

(e) Compliance With Laws and Orders. To the Knowledge of Transferors, Transferors is not in violation of or in default under any Law (except federal law to the extent it is inconsistent with Cannabis Laws) or order applicable to Transferors or any of the Acquired Assets.

(f) Licenses. Transferors are not in default (or with the giving of notice or lapse of time or both, would be in default) under any Licenses held, including without limitation, the Privileged License in any material respect.

(g) Tangible Personal Property. Warner and Newtonian are in possession of and have good title to, or has valid leasehold interests in or valid rights under the Contracts to use, all Tangible Personal Property individually or in the aggregate with other such property material to the Business. All such Tangible Personal Property is free and clear of all Encumbrances except for any Permitted Encumbrances and is in all material respects in good working order and condition, ordinary wear and tear excepted.

(h) Real Property.

(i) Transferors have rights of ingress and egress with respect to the Real Property and the Premises subject to the terms and conditions of the Lease and Security Device (as defined by the Lease). Neither the Premises nor the Improvements located on the Real Property, or the use thereof, contravenes or violates any building, administrative, occupational safety and health or other applicable Law (except federal law to the extent it is inconsistent with Cannabis Laws) in any material respect (whether or not permitted on the basis of prior nonconforming use, waiver or variance). Units F-2 and G of Premises are permitted and zoned so as to allow for the commencement of process as outlined by the City of Santa Ana to obtain a Regulatory Safety Permit pursuant Chapter 40 the Santa Ana City Code ("Chapter 40") and the Privileged License.

(ii) To the Knowledge of Transferors, except as set forth in Schedule 6(c), there are no condemnation or appropriation, environmental, zoning or other land use regulation proceedings pending or threatened against any of the Real Property, the Premises, or the Improvements located thereon, which would detrimentally affect the value of the Real Property, the Premises, the Improvements located thereon or the use and operation thereof to conduct commercial cannabis business pursuant to Chapter 40 and the Privileged License, nor are there any assessments (other than Taxes) affecting the Real Property, Lease or the Improvements located thereon.

(iii) To the Knowledge of Transferors, neither the Real Property nor the Improvements located thereon, or the use and operation thereof, contravenes or violates any building, zoning, subdivision, land use, administrative, occupational safety and health, environmental or other applicable Law (except federal law to the extent it is inconsistent with

Cannabis Laws) in any material respect (whether or not permitted on the basis of prior nonconforming use, waiver or variance). Except as set forth in Schedule 6(c), Transferors have received no notice from any Government Authority advising Transferors of (x) a violation of any such Laws (whether now existing or which will exist with the passage of time) or (y) any action which must be taken to avoid a violation thereof.

(iv) To the Knowledge of Transferors, there are no material physical defects in the Premises, or the Improvements located thereon.

(v) The Lease of the Premises provides, subject to the terms and conditions therein, for the non-exclusive use by the lessee under the Lease of not less than 3 parking spaces per every 1,000 square feet of the Premises near the Premised as depicted on Exhibit C of the Lease (the "Dedicated Parking").

(i) Environmental Matters. To the Knowledge of Transferors, except as disclosed in Section 6(c):

(i) Warner is in compliance with all Licenses, if any, that are required under applicable Environmental Laws for Transferors to own and operate the Acquired Assets (the "Environmental Permits");

(ii) Warner and Newtonian are in compliance with applicable Environmental Laws (except federal law to the extent it is inconsistent with Cannabis Laws);

(iii) Transferors have not been notified by any Government Authority or third Person of any pending claim that Transferors may be a potentially responsible Person for environmental contamination or any Release of Hazardous Material arising under Environmental Laws (an "Environmental Claim");

(iv) Transferors have not entered into or agreed to any consent decree or order with respect to or affecting the Acquired Assets relating to compliance with any Environmental Law or to investigation or cleanup of Hazardous Material under any Environmental Law;

(vi) Except as disclosed in Section 6(i) of the Disclosure Schedule, to Transferors' knowledge, there are no aboveground or underground storage tanks located on, in or under any properties currently or formerly owned, operated or leased by Transferors in connection with the Business;

(vii) No Releases of Hazardous Material in excess of legally permissible quantities have occurred at, from, in, or on any of the Real Property, and no Hazardous Material in excess of legally permissible quantities is present in, on or about or is migrating from any such Real Property that could give rise to an Environmental Claim by a Government Authority or third Person against the Acquired Assets or Transferors; and

(viii) There have been no environmental investigations, studies, audits or tests with respect to Real Property in Transferors custody, possession or control that have not been available to Planet Parties upon request prior to execution of this Agreement.

(j) Title to the Equity Interests. Desmet and Sibia are the lawful owners of the Shares with good and marketable title thereto. Each of Desmet and Sibia has the absolute right to sell, assign, convey, transfer and deliver the Shares and any and all rights and benefits incident to the ownership thereof all of which rights and benefits are transferable to the Planet Parties pursuant to this Agreement, free and clear of all Encumbrances except for any Permitted Encumbrances.

(k) Brokers. Except as disclosed on Schedule 6(k), no broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Transferors.

(l) Securities Matters.

(i) No Prior Holdings; Acquisition for Investment. None of the Transferors is the registered or beneficial holder of any securities of Parent. The Transferors acknowledge they will be acquiring the Restricted Stock issuable pursuant to this Agreement for investment for their own account and not as nominees or agents, and not with a view to the resale or distribution of any part thereof, and further represent that they have no present intention of selling, granting any participation in, or otherwise distributing the same. The Transferors further represent that they do not have any Contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Restricted Stock. The Transferors understand that any Restricted Stock issuable hereunder will not be registered under the Securities Act, on the ground that the sale and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(a)(2) thereof, and that Parent's reliance on such exemption is predicated on the Transferors' representation set forth herein, including the Transferors' completion and execution of the Questionnaire. The Transferors further understand that any Restricted Stock issuable hereunder will constitute a distribution of securities that is exempt from the prospectus requirement of applicable Canadian Securities Laws.

(ii) Investment Experience. Each Transferor acknowledges that it can bear the economic risk of the investment, and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Restricted Stock. Each Transferor is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act (as amended by Section 413(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act), and agrees that it will not take any action that could negatively impact the availability of the exemption from registration provided by Section 4(a)(2) of the Securities Act with respect to the sale and the issuance of securities hereunder.

(iii) Information. The Transferors have carefully reviewed such information as they have deemed necessary with respect to the Restricted Stock. To the Transferors' full satisfaction, each Transferor has been furnished all materials requested by such Transferor relating to Parent, and the issuance of Restricted Stock hereunder, and each Transferor has been afforded the opportunity to ask questions of representatives of Parent, to obtain any information necessary to verify the accuracy of any representations or information made or given to such Transferor.

(iv) Restricted Securities. The Transferors understand that the Restricted Stock issuable pursuant to this Agreement may not be sold, transferred, or otherwise disposed of without registration under the Securities Act and applicable state and federal securities laws or

an exemption therefrom, and that in the absence of an effective registration statement covering the Restricted Stock or any available exemption from registration under the Securities Act and applicable state and federal securities laws, the Restricted Stock must be held indefinitely. Without limitation of the foregoing, the Restricted Stock may be resold under applicable Canadian Securities Laws in each Province and Territory of Canada, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for the Restricted Stock; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Parent (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Parent is in default of applicable Canadian Securities Laws. Unless registered under the Securities Act and applicable state securities laws, the certificates representing the Restricted Stock shall bear a legend in 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 "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, EXCHANGED, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE BENEFIT OF ANY NATIONAL, CITIZEN OR RESIDENT OF THE UNITED STATES, ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES, EXCEPT: (A) TO THE ISSUER, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS, (C) IN COMPLIANCE WITH (1) RULE 144 OR (2) RULE 144A UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS, (D) IN CONNECTION WITH ANOTHER EXEMPTION UNDER THE SECURITIES ACT, OR (E) WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER, UPON THE ISSUER RECEIVING, IN THE CASE OF CLAUSES (C)(1) AND (D) ABOVE, AN OPINION OF COUNSEL FOR THE HOLDER, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

Notwithstanding the foregoing, (i) at any time Parent or its successor company is a "foreign issuer", as defined in Rule 902(e) of Regulation S of the Securities Act, if such securities are being sold in accordance with the requirements of Rule 904 of Regulation S of the Securities Act, as referred to above, and in compliance with local Laws and regulations, the legend may be removed by providing a declaration to the issuer's transfer agent for such securities, in the form as may be prescribed by Parent or its successor company from time to time, together with any other evidence, which may include an opinion of counsel of recognized standing reasonably satisfactory to Parent or its successor company to the effect that such legend is no longer required under applicable requirements of the Securities Act, required by Parent or its successor company or such transfer agent; and (ii) if any such securities are being sold pursuant to Rule 144 under the Securities Act, the legend may be removed by delivery to the registrar and transfer agent for such securities of an opinion of counsel of recognized standing reasonably satisfactory to Parent or its successor company to the effect that such legend is no

longer required under applicable requirements of the Securities Act or applicable state securities laws.

The Transferors acknowledge that the Restricted Stock may be resold under applicable Canadian Securities Laws in each Province and Territory of Canada, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for the Restricted Stock; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Parent (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Parent is in default of applicable Canadian Securities Laws. The Transferors are acquiring the Restricted Stock as principal for their own account and not with a view toward, or for sale in connection with, any distribution thereof, or with any present intention of distributing or selling the Restricted Stock in any Province or Territory of Canada. Each Transferor is an "accredited investor" as defined in National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators and was not created or used solely to purchase or hold Restricted Stock as an "accredited investor" and is able to bear the economic risk of an investment in the Restricted Stock.

The Transferors acknowledge that Parent may be required to file a report with the Canadian securities regulatory authorities containing personal information about the Transferors, including their full names, addresses and telephone numbers, the number and type of securities purchased, the total purchase price paid for the securities, the date of the closing and the exemption relied upon under applicable Canadian Securities Laws.

The Transferors acknowledge that the Restricted Stock will not be legended pursuant to Canadian Securities Laws and may be resold in each Province and Territory of Canada, subject to the Lock Up Agreement, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for the Restricted Stock; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Parent (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Parent is in default of applicable Canadian Securities Laws.

(v) Rule 144. The Transferors understand and acknowledge that (i) if Parent or any successor company is deemed 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, other than a Capital Pool Company (as such term is defined in the TSXV Corporate Finance Manual), Rule 144 under the Securities Act may not be available for resales of the Restricted Stock and (ii) Parent is not obligated to make Rule 144 under the Securities Act available for resales of such Restricted Stock.

(vi) No Registration Statement. The Transferors understand and acknowledge that Parent has no obligation or present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the Restricted Stock in the United States.

(vii) Foreign Issuer. The Transferors understand and acknowledge that Parent or any successor company (i) is not obligated to remain a "foreign issuer" within the meaning of Rule 902(e) of Regulation S of the Securities Act, (ii) may not, at the time the

Restricted Stock are resold by it or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions which could cause Parent or any successor company not to be a foreign issuer, and if Parent or any successor company is not a foreign issuer at the time of sale or transfer of the Restricted Stock pursuant to Rule 904 of Regulation S of the Securities Act, the certificates representing the Restricted Stock may continue to bear the legend described above.

7. "As Is" Sale. Except with respect to the representations and warranties of Transferors set forth in Section 6 of this Agreement (the "Express Representations") Planet Parties have not relied upon and will not rely upon, either directly or indirectly, any representation or warranty of Transferors or any agent of Transferors, and Planet Parties represent that they are relying solely on their own expertise and that of Planet Parties consultants in acquiring the Shares and the Acquired Assets and assuming the Assumed Liabilities. Subject to the terms and conditions herein, Planet Parties will conduct such inspections and investigations of the Acquired Assets and Assumed Liabilities as the Planet Parties deem necessary, including, without limitation, the physical and environmental conditions thereof, and shall rely upon same. Except with respect to the Express Representations, the Planet Parties acknowledge and agree that upon Closing, Transferors shall sell, convey, and assign, as applicable, to Planet Parties and Planet Parties shall accept and assume, as applicable, the Shares, Acquired Assets and Assumed Liabilities "as is, where is," with all faults.

Planet Parties further acknowledge and agree that the disclaimers set forth above are an integral part of this agreement and that Transferors would not have agreed to the Transaction without the disclaimers.

8. Real Property Inspections and Investigations.

(a) Due Diligence Period. Planet Parties and their agents, engineers, surveyors, appraisers, auditors, and other representatives (collectively, "Planet Parties' Agents") shall have from the Effective Date until December 31, 2019 (the "Due Diligence Period"), to make investigations or feasibility studies as permitted under this Section 8 with respect to the Business or any portion thereof. The Due Diligence Period shall expire at 5:00 p.m. Pacific Time on the December 31, 2019.

(b) Access. During the Due Diligence Period, Planet Parties and the Planet Parties' Agents, at Planet Parties' expense, subject to the terms and conditions of this Agreement, the Lease (if applicable), the rules and regulations of the Premises established by Grove, and the rights of tenants leasing space at the Real Property, and in compliance with all requirements of applicable Law, shall have the right, from time to time, upon the advance notice required pursuant to Section 8(d), to enter upon and pass through the Business during normal business hours to examine and visually inspect the same.

(c) Right to Inspect. In conducting any inspection of the Business or otherwise accessing the Real Property and the Premises, Planet Parties shall at all times comply with all Laws and regulations of all applicable Governmental Authorities. Notwithstanding anything of this Agreement to the contrary, Planet Parties shall not conduct any Phase II environmental investigation or other invasive or subsurface testing without the prior written consent of Grove, which consent may be withheld or conditioned in Grove's sole and absolute discretion.

(d) Coordination with Transferors. The Planet Parties shall schedule and coordinate all inspections of the Business or other access to the Real Property and the Premises with Transferors and shall give Transferors not less than forty-eight (48) hours' prior written Notice. Planet Parties shall coordinate with Transferors for all such entries and inspections, in order to

avoid interference with the tenants at the Real Property and Grove's operations at the Real Property. Furthermore, Planet shall not contact or have any communications with any of the tenants of the Real Property without Grove's prior written consent. Transferors shall be entitled to have a representative present at all times during each such inspection or other access. Planet Parties agree to pay to Transferors promptly upon demand the cost of repairing and restoring any damages, which a Planet Party or Planet Parties' Agents shall cause to the Business. All inspection fees, appraisal fees, engineering fees and other costs and expenses of any kind incurred by Planet Parties or Planet Parties' Agents relating to such inspection and its other access shall be at the sole expense of Planet Parties.

(e) Return of Work Product. In the event that the Closing hereunder shall not occur for any reason whatsoever, Planet Parties shall promptly return to Transferors all Work Product and copies of all due diligence materials delivered by Transferors to Planet Parties and shall destroy all copies and abstracts thereof. The provisions of this Section 8(e) shall survive the Closing or any termination of this Agreement.

(f) Transferors Indemnification. Purchaser agrees to indemnify and hold Transferors and their disclosed or undisclosed, direct and indirect shareholders, officers, directors, trustees, partners, principals, members, employees, agents, affiliates, representatives, consultants, accountants, contractors and attorneys or other advisors, and any successors or assigns of the foregoing (collectively with Transferors, the "Transferor Related Parties") harmless from and against any and all Losses incurred by any Transferor Related Parties arising from or by reason of the Planet Parties and/or Planet Parties' Agents' access to, or inspection of the Premises, or any tests, inspections or other due diligence conducted by or on behalf of Purchaser, except to the extent such losses, costs, damages, liens, claims, liabilities or expenses are caused by an existing condition at the Business or are caused by the gross negligence or willful misconduct of any of the Transferor Related Parties. The provisions of this Section 8(f) shall survive the Closing or any termination of this Agreement.

(g) Entry Requirements. In connection with Planet Parties' exercise of their rights under this provision, Planet Parties shall: (i) cause all work to be performed with reasonable care; (ii) not create or permit its employees, agents, consultants or contractors to create any hazardous condition on the Real Property; (iii) repair any damage to the Real Property caused by Planet Parties (or its employees, agents, consultants or contractors); and (iv) procure (or have all work performed by contractors to maintain) general liability and property damage insurance (in an amount not less than Two Million and No/100s Dollars ($2,000,000.00) per occurrence combined single limit for bodily and personal injury and property damage), evidence of which shall be delivered to Transferors prior to Planet Parties' first entry. All such policies shall name the following parties as additional insureds: Grove, Warner and Newtonian.

9. Work of Improvement; Management; Privileged License Change of Ownership Notification.

(a) ~~Not later than sixty (60) days after the Effective Date the~~The Planet Parties shall provide Warner with plans and drawings for the construction of a Cannabis dispensary within the Premises together with a construction budget, consisting of two phases: an initial phase sufficient in size and scope to satisfy the Governmental Authorities in qualifying for the issuance of an Regulatory Safety Permit and an Annual License (the "Phase I Work of Improvement") and the completed build out of the Premises including a Planet 13 styled Cannabis dispensary (the "Phase II Work of Improvement" and with the Phase I Work of Improvement, the "Buildout"). ~~Warner and Newtonian shall apply for necessary Entitlements Approvals for the Buildout, and obtain any necessary approvals from Grove pursuant to the terms of the Lease, and shall~~

~~commence and complete construction of the minimal necessary Phase I Work of Improvement, under the supervision of, and at the cost and expense of, the Planet Parties, in advance of the Closing such that Newtonian may be awarded the Regulatory Safety Permit and Annual License. Warner shall engage a contractor selected by Planet Parties, and Warner and Grove shall cooperate in obtaining the Entitlement Approvals as required by the Chapter 40 Process. Warner shall enter into a construction management agreement with a Person selected by the Planet Parties to supervise the Buildout~~Completion of such Buildout shall not be a condition to Closing. All fees, costs and expenses associated with the Buildout, including all payments, costs and expenses incurred by Warner under the Lease, including without limitation, rent, with respect to the Premises, shall be advanced to Warner pursuant to a tenant improvement loan agreement between Parent and Warner and shall be secured by security agreement, including without limitation an assignment of the Lease as security (the "Buildout Loan"). If the Transaction Closes, the Buildout Loan will be an Assumed Liability and Planet Parties will indemnify, defend and hold Transferors harmless from and against any tax assessed against Transferors related to the Buildout Loan. ~~If the Transaction does not Close for any reason the Buildout Loan shall convert to a four (4) year term loan.~~ The Phase I Work of Improvement has been completed and Newtonian has been awarded the Regulatory Safety Permit and Annual License. Planet 13 shall continue to continue the Phase II Work of Improvement as necessary to Close.

(b) At its sole cost and expense, Planet 13 shall prepare and submit an application for the grant of the Privilege License from the Bureau. Planet Parties may determine it is in their best interests to also prepare other applications to obtain Cannabis licenses for other uses (e.g. manufacturing, distribution, etc.). ~~–~~

(c) Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that by entering into this Agreement a contractual relationship exists between Planet Parties and Newtonian which may require Newtonian to report or notify Governmental Authorities that Planet Parties has a relationship, in some form, with Newtonian. Therefore, the Parties shall cooperate to ensure that minimal reporting and/or notification to Governmental Authorities, if any, is required due to this Agreement and the Transaction, and if such reporting or notification is required, the Parties shall cooperate to ensure that such reporting or notification has minimal, if any, adverse impact on consummation of the Transaction. Further, failure of a condition precedent due to a Party's failure to report or notify the proper Governmental Authorities of this Agreement or Transaction, shall be deemed failure of such condition precedent through no fault of the Parties.

(d) Warner and Newtonian shall apply for necessary permits and approvals to commence and complete construction of ~~Phase I Improvements~~Buildout, under the supervision of, and at the cost and expense of, the Planet Parties, in advance of the Closing~~ such that the necessary Regulatory Safety Permit, certificate of occupancy, and business license may be issued to Newtonian, in order that Planet 13 may be awarded a approval by Santa Ana for the transfer or change of ownership of the Santa Ana entitlements and licenses, subject only to the Bureau's grant of the Privilege License to Planet 13.~~.

~~(e) Notwithstanding anything in this Agreement to the contrary, if Newtonian has not received the Regulatory Safety Permit by February 15, 2020 or if Planet 13 has not submitted to the Bureau the application for the Privileged License or Annual License on or before January 31, 2020, or the application submitted by Planet 13 for the Annual License is denied, the Parties shall convene to discuss and negotiate terms and conditions of this Agreement with respect to (i) closing the Transaction by alternative means (if the Parties conclude that succession to the Privileged License does not seem viable), including but not limited to, instituting a stable~~

~~Management Agreement or applying for an Annual License; and (ii) possibly modifying the financial terms of this Agreement based on delays, if any, of Transferors in obtaining the Regulatory Safety Permit or changing the ownership of the Privileged License.~~

10. Covenants.

(a) Conduct of Business Prior to the Closing. From the date hereof until the Closing, except as otherwise provided in this Agreement or consented to in writing by Planet Parties (which consent shall not be unreasonably withheld or delayed), Transferors shall: (i) conduct the Business in the Ordinary Course of Business; and (ii) use commercially reasonable efforts to maintain and preserve intact its current Business organization, and to preserve the rights, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having relationships with the Business.

(b) Access to Information.

(i) From the date hereof until the Closing (or, if earlier, the termination of this Agreement by a Party), upon reasonable Notice and subject to applicable Laws (including Cannabis Laws), Transferors shall: (A) afford Planet Parties and their representatives reasonable access to and the right to inspect all of the Books and Records and other documents and data related to the Business; (B) furnish Planet Parties and their representatives with such financial, operating, and other data and information related to the Business as Planet Parties or any of their representatives may reasonably request; and (C) instruct the representatives of Transferors to cooperate with Planet Parties in their investigation of the Business; provided that any such investigation shall be conducted during normal business hours upon not less than forty-eight (48) hours' prior written Notice to Transferors, under the supervision of Transferors' personnel and in such a manner as not to interfere with the conduct of the Business or any other businesses of Transferors. From the date hereof until the Closing (or, if earlier, the termination of this Agreement by a Party), upon reasonable Notice and subject to applicable Laws (including Cannabis Laws), Planet Parties shall afford Transferors and their representatives reasonable access to and the right to inspect all of the Books and Records and other documents and data related to the Transaction.

(c) Confidentiality. Unless otherwise agreed to in writing by Planet Parties and Transferors, each Party will keep confidential all documents, financial statements, reports or other information provided to, or generated by the other Party relating to this Agreement and the transaction contemplated herein, including all such documents and information provided to any Party by the other Party prior to the Effective Date, and will not disclose any such information to any person other than: (i) the employees and agents of Transferors or Planet Parties; (ii) those who are actively and directly participating in the negotiation and execution of this Agreement. Upon any termination of this Agreement for any reason, Planet Parties will promptly return to Transferors copies of all documents or other information provided to Planet Parties by Transferors. The provisions of this Section 10(c) will survive the termination of this Agreement other than by Closing. Any public announcements, releases, publications or otherwise, by or on behalf of any Planet Parties related to the Transaction ("Publications") must be approved by email by Sibia and Desmet prior to public dissemination of such Publications. Such approval shall not be unreasonably withheld.

(d) Governmental Approvals and Consents. The Parties shall cooperate and each use commercially reasonable efforts to: (A) as promptly as practicable, take (or cause to be taken) all appropriate action, and do or cause to be done, all things necessary, proper or advisable

under applicable Law or otherwise to consummate and make effective the transactions contemplated by this Agreement; (B) obtain from any Governmental Authorities any approvals required (i) to be obtained or made by Planet Parties, Transferors, or any of their respective Affiliates, or the respective representatives of any of the foregoing, in connection with the authorization, execution, and delivery of this Agreement and the consummation of the Transaction, (ii) under any applicable Law in connection with the authorization, execution, and delivery of this Agreement and the consummation of the Transaction (excluding federal law to the extent it is inconsistent with Cannabis laws), including any applicable Cannabis Laws, as provided in Sections 9(a) (with respect to the Phase I Improvements), Section 9(b) and Section 10(e)(iii) (the approvals described in the foregoing clauses (i) and (ii) are collectively referred to herein as the "Governmental Approvals"), and (iii) to avoid any proceedings by any Governmental Authority that could adversely impact the authorization, execution, and delivery of this Agreement and the consummation of the Transaction; (C) make all necessary filings, and thereafter make any other required submissions with respect to this Agreement and the Transaction, as required under any applicable Law, including any applicable Cannabis Laws; and (D) comply with the terms and conditions of all Governmental Approvals.

(c) Required Consents, Cruzado Agreement; Remodel.

(i) Required Consents. If a Contract is not assignable without the consent of another Person, this Agreement shall not constitute an assignment or an attempted assignment thereof if such assignment or attempted assignment would constitute a breach thereof or a default thereunder. Transferors and Planet Parties shall use commercially reasonable efforts to obtain the consent of such other Person to the assignment of any such Contract to Planet Parties in all cases in which such consent is required for such assignment, provided, however, that in the event any such consent, (each a "Required Consent"), other than the consent of the lender to Grove for the Premises as of the Effective Date, is not obtained on or prior to the Closing Date, such event shall not cause the Closing to be delayed or constitute a default by Transferors of any obligation hereunder or result in a reduction of the Consideration. Should Planet Parties not receive the benefits intended to be assigned to Planet Parties pursuant to a Contract because a consent is not obtained, then the Contract as applicable, shall constitute an Excluded Asset and the obligations pursuant thereto shall constitute an Excluded Liability. The Transferors shall enforce its rights under the Lease to cause Grove to comply with Section 61 of the Lease.

(ii) Cruzado Agreement. It shall be a condition precedent or concurrent to the Closing that Management Agreement between the Newtonian and Randy Cruzado effective December 1, 2017 (the "Cruzado Agreement") shall ~~have been terminated without additional liability to Planet Parties. Transferors shall terminate the Cruzado Agreement on or before the Closing Date. At least five (5) days before the Closing Date, Newtonian shall deliver to Planet Parties a release of claims, in a form reasonably acceptable to the Planet Parties, which sets forth the amount that Randy Cruzado will be paid as part of the Adjustment Amount (the "Cruzado Payment") in exchange for termination of the Cruzado Agreement and release of all claims against Transferors and the Planet Parties arising from the Cruzado Agreement.~~ be assumed by Planet Parties (so long as the payment schedule is substantially consistent with Section 2(a)(iv) of this Agreement) and Transferors shall have no liability from and after the date of such assumption. Upon request by Planet Parties, Transferors shall approach Cruzado with an offer of settlement of the Cruzado agreement prior to Close.

(iii) Entitlements Approval. ~~It shall be a condition precedent to the obligations of the Planet Parties to Close the Transaction that on or before December 31, 2019, that Warner shall have obtained necessary permits and approvals satisfactory to Planet Parties in~~

~~order to complete the Phase I Improvements (the "Entitlements Approval"). The Parties agree that they may mutually agree to a 30 day extension of the Entitlements Approval contingency ("Entitlements Approval Extension"). If available, Transferors shall provide Planet Parties with adequate previous building plans of the Premises such that Warner, and Grove and the Planet Parties, if required, may prepare and submit for necessary building permits. If the Entitlements Approval is not obtained within the above described period, then Planet Parties may terminate this Agreement by giving the Transferors and Escrow Holder written Notice thereof within ten (10) days following expiration of such period, as extended, and Escrow Holder shall deliver the Deposit together with all interest thereon to Transferors within twenty four (24) hours of such Notice. If Planet Parties fail to deliver such Notice to Transferors on or before expiration of such 10 day period, Planet Parties shall be deemed to have waived their right to terminate this Agreement pursuant to this Section 10(e)(iii).~~ Intentionally Omitted.

(iv) Lease in Full Force. It shall be a condition precedent to Closing that the Lease, as amended, be in full force and effect on the expiration of the Due Diligence Period and on the Closing Date.

(f) Closing Conditions. From the date hereof until the Closing (or, if earlier, the termination of this Agreement by a Party), each Party shall use commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Section 12 hereof.

(g) Further Assurances and Actions.

(i) Subject to the terms and conditions herein, Transferors and Planet Parties agree to use their commercially reasonable efforts to take (or cause to be taken) all appropriate action and to do (or cause to be done) all things reasonably necessary, proper or advisable under applicable Laws to consummate and make effective the Transaction, including: (B) using commercially reasonable efforts to promptly obtain all Governmental Approvals and all other approvals as are necessary for consummation of the transactions contemplated by this Agreement; and (B) to fulfill all conditions precedent applicable to such Party pursuant to this Agreement.

(ii) If at any time after the Closing any further action is necessary to carry out the purposes of this Agreement or to vest Planet Parties with full title to the Acquired Assets and the assumption of the Assumed Liabilities or to vest Transferors with full title of the Consideration, then the proper representatives of Planet Parties and Transferors shall take all action reasonably necessary (including executing and delivering further notices, releases and agreements); provided that, if such action is necessary due to events or circumstances particular to Planet Parties, then Planet Parties shall bear the cost of such action and such costs shall not be applied toward the Consideration.

(h) Certain Transactions. Prior to the Closing, neither Planet Parties nor Transferors shall take, or agree to commit to take, any action that would or is reasonably likely to: (A) materially delay the receipt of, or materially impact the ability of a Party to obtain, any Governmental Approval necessary for the consummation of the Transaction, or (B) cause any Governmental Authority to commence or re-open a proceeding that could reasonably be expected to challenge or prevent the Transactions or delay the Closing.

(i) Risk of Loss of Assets.

(i) Condemnation. If, prior to the Closing, action is initiated to take (or Transferors receives notice of a taking of) any material portion of the Real Property or the Premises (or any of the parking servicing said Real Property) by eminent domain proceedings or by deed in lieu thereof, Planet Parties may at or prior to the Closing terminate this Agreement, or Planet Parties may defer the Closing for a period not in excess of sixty (60) days for the Parties to attempt to renegotiate the provisions hereof (and upon failure of a written agreement to be reached from such renegotiation, Planet Parties shall again be entitled to terminate this Agreement; provided, however, if Notice of Planet Parties' election not to terminate pursuant to this Section 10(i)(i) is not received by Transferors within thirty (30) days following expiration of such 60-day period, then it shall deemed that Planet Parties have elected to terminate this Agreement). For the purposes of this provision, a "material" portion of the Real Property shall mean a portion of the Real Property with a fair market value greater than One Million Dollars ($1,000,000.00), as reasonably determined by Appraisal or offer from the Government Authority.

(ii) Casualty. Transferors assume all risks and liability for damage to or injury occurring to the Acquired Assets by fire, storm, accident, or any other casualty or cause until the Closing has been consummated. If the Acquired Assets, or any part thereof, suffer any material damage prior to Closing, Planet Parties may, prior to Closing, terminate this Agreement and receive a return of the Deposit, or Planet Parties may defer the Closing for a period not in excess of sixty (60) days for the parties to attempt to renegotiate the provisions hereof (and upon failure of a written agreement to be reached by such renegotiation, Planet Parties shall again be entitled to terminate this Agreement For the purposes of this provision, a "material" damage of the Acquired Assets shall mean damage with a fair market value greater than Five Hundred Thousand Dollars ($500,000.00), as reasonably determined by the insurance adjusters.

(j) No Negotiation. Until such time, if any, as this Agreement is terminated pursuant to Section 15, Transferors shall not, nor shall Transferors cause or permit any of Transferors representatives to, directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, or provide any nonpublic information to, any Person (other than the Planet Parties) relating to any merger, consolidation or combination to which the Transferors is a party, any sale, dividend, split or other disposition of Shares or any sale, dividend or other disposition of all or substantially all of the assets and properties of Warner and/or Newtonian, or any management agreement, joint venture, sublease or similar arrangement (an "Acquisition Transaction"). Transferors covenant that from the Effective Date through the Closing Date (or the termination of this Agreement), the Transferors shall not, directly or indirectly, enter into or authorize, or permit any representative to enter into, any negotiation, letter of intent, commitment, agreement, understanding, or agreement in principle with any third Person for an Acquisition Transaction.

(k) Disclosure Schedule.

(i) Between the Effective Date and the Closing Date, Transferors shall use Transferors' reasonable best efforts to promptly correct and supplement the information set forth on the Disclosure Schedule delivered by Transferors pursuant to this Agreement in order to cause such Disclosure Schedule to remain correct and complete in all respects, including, without limitation, if the Business commences operations. Transferors' delivery to Planet Parties of any corrections or supplements shall, without further notice or action on the part of Transferors or Purchaser, immediately and automatically constitute an amendment to the Disclosure Schedule to which such corrections and supplements relate; provided, however, that solely for purposes of determining whether the condition precedent pursuant to Section 12.(a) has been satisfied, or

whether Purchaser has the right to terminate this Agreement pursuant to Section 15.(a), any such amendment to the Disclosure Schedule shall be disregarded.

(ii) The information in the Disclosure Schedule constitutes: (i) exceptions to particular representations, warranties, covenants and obligations of Transferors as set forth in this Agreement; or (ii) descriptions or lists of assets and other items referred to in this Agreement. If there is any inconsistency between the statements in this Agreement and those in the Disclosure Schedule (other than an exception expressly set forth as such in the Disclosure Schedule with respect to a specifically identified representation or warranty), the statements in this Agreement shall control.

(iii) The statements in the Disclosure Schedule, and those in any supplement thereto, relate only to the provisions in the Section of this Agreement to which they expressly relate and not to any other provision in this Agreement.

11. Closing Deliveries.

(a) Transferors' Closing Deliveries. On or before the Closing Date, Transferors shall execute, acknowledge and deliver (as appropriate) the following (collectively, "Transferors' Closing Documents"):

(i) From Desmet and Sibia, stock powers in the form attached hereto as Exhibit E and by this reference incorporated herein, with the certificate (if not uncertificated) representing the Shares endorsed to Purchaser;

(ii) From Warner, counterpart signature pages of Warner and Grove to the Assignment and Assumption of Lease in the form attached hereto as Exhibit F and by this reference incorporated herein;

(iii) From Warner, a Bill of Sale for the Improvements in the form attached hereto as Exhibit G and by this reference incorporated herein;

(iv) From Warner, an assignment and assumption agreement to transfer the Contracts assumed by Purchaser to Purchaser, respectively, pursuant to Section 4(a) and (c), in the form attached hereto as Exhibit H and by this reference incorporated herein (the "Assignment and Assumption Agreement");

(v) From Sibia and Desmet a FIRPTA Certificate;

(vi) From Warner an owner's affidavit, in the customary form acceptable to Warner, with respect to the absence of claims which would give rise to mechanics' liens and the absence of parties in possession of the Premises other than Warner, or such other assurances as shall be reasonably required;

(vii) certificates of good standing for Newtonian issued by the Delaware Secretary of State and for Warner issued by the New York Secretary of State no more than ten (10) days prior to the Closing Date;

(viii) such organizational and authority documents of Transferors as shall be reasonably required by Planet Parties to evidence Transferors' authority to consummate the transactions contemplated by this Agreement;

(ix) a Closing Statement, executed by Transferors, setting forth the debits and credits in connection with the Transaction evidenced by this Agreement;

(x) Signature pages to the Lock Up Agreement;

(xi) Executed Questionnaires; and

(xii) all such other instruments or documents as may be reasonably required by Planet Parties in order to consummate the transactions contemplated by this Agreement.

(b) Planet Parties' Closing Deliveries. On or before the Closing Date, Planet Parties shall execute, acknowledge and deliver (as appropriate) the following ("Planet Parties' Closing Documents"):

(i) the balance of the Cash Consideration subject to the Adjustment Amount, to accounts designated by Sibia and Desmet;

(ii) evidence that the Restricted Stock has been issued in the names of Sibia and Desmet, respectively on the Direct Registration book entry system maintained for Parent's stock;

(iii) a certificate of good standing for Planet Parties issued by the applicable Governmental Authority of each jurisdiction in which such entity is organized, not more than ten (10) days prior to the Closing Date;

(iv) such organizational and authority documents of Planet Parties as shall be reasonably required by Transferors to evidence each Planet Parties' authority to consummate the transactions contemplated by this Agreement;

(v) a Closing Statement, executed by Planet Parties, setting forth the debits and credits in connection with the transactions evidenced by this Agreement;

(vi) Signature page to the Lock Up Agreement;

(vii) Signature pages to the Assignment and Assumption of Lease, and Assignment and Assumption Agreement; and

(viii) all such other instruments or documents as may be reasonably required by Transferors in order to consummate the transactions contemplated by this Agreement.

12. Conditions Precedent.

(a) Conditions Precedent to Planet Parties' Obligations. The obligation of Planet Parties to Close the Transaction shall be subject to the following conditions (all or any of which may be waived in writing, in whole or in part, by Planet Parties):

(i) The representations and warranties made by Transferors shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, and Transferors shall have executed and delivered to Planet Parties a certificate dated as of the Closing Date to the foregoing effect;

(ii) Transferors shall have performed all covenants and obligations required by this Agreement to be performed or complied with by Transferors on or before the Closing Date;

(iii) On the Closing Date, (A) Warner's leasehold interest in the Premises shall be marketable and free-and-clear of all liens, mortgages, deeds of trust, Encumbrances, easements, leases, conditions and other matters affecting title other than the Permitted Encumbrances and (B) Grove shall have delivered the Consent to Assignment of Lease executed by Grove and containing provisions required by Section 10(e)(iv);

(iv) Planet 13 shall have received all necessary Governmental Approvals, including, without limitation, the Cannabis Approvals;

(v)Transferors shall have delivered all of Transferors' Closing Documents~~.~~

(v) Transferors shall have obtained an addendum or modification of the Lease which provides a twenty-five percent (25%) Base Rent (as defined in the Lease) abatement beginning April 1, 2020 and ending the earlier of Planet 13 (or its affiliate) opening for business to the public at the Premises (or a portion thereof) or April 1, 2021.

(b) Conditions Precedent to Transferor's Obligations. The obligation of the Transferors to complete the Transaction shall be subject to the following conditions (all or any of which may be waived in writing, in whole or in part, by the Transferors):

(i) The representations and warranties made by Planet Parties shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of such date, and Planet Parties shall have executed and delivered to Transferors a certificate dated as of the Closing Date to the foregoing effect;

(ii) Planet Parties shall have performed all covenants and obligations required by this Agreement to be performed or complied with by Planet Parties on or before the Closing Date; and

(iii) Planet Parties shall have received all necessary Governmental Approvals~~, and~~.

(iv) Planet Parties shall have delivered all of Planet Parties' Closing Documents.

13. Closing.

(a) Closing Date. The consummation of the purchase and sale provided for in this Agreement (the "Closing") shall take place after January 1, 2020, within the earlier of (i) ten (10) days after the Planet Parties' submission to the Bureau of the notification of change of ownership of Newtonian to be effected by the Share Exchange, or (ii) receipt of Planet Parties' Annual License, subject to the satisfaction or waiver of all conditions precedent to Closing as further described in Section 12 (other than conditions which, by their nature, are to be satisfied on the Closing Date), but in any event not more than twelve (12) months after the Effective Date (the "Closing Date"). The Closing shall occur ~~at the offices of Stuart Kane, LLP, 620 Newport~~

~~Center Dr., Suite 200, Newport Beach, California, unless otherwise agreed to by the Parties~~via electronic mail and FedEx or similar courier services.

(b) Cannabis Approval Extension. If, on or before the Closing Date specified in Section 13(a), all required Cannabis Approvals have not been received, and provided that Planet Parties have acted with commercially reasonable diligence in seeking to obtain all required Cannabis Approvals and has not been denied any such Cannabis Approvals, then Planet Parties may obtain a sixty ~~day~~ (60) day extension to the Closing Date by providing written Notice to Transferors and depositing a One Hundred Thousand U.S. Dollars ($100,000.00) as an extension fee with the Escrow Holder for such sixty-day extension, which extension fee shall become part of the Deposit, be non-refundable to Planet Parties, and be applied to the Cash Consideration at Closing.

(c) Resignations; Termination of all Bonds and Sureties. Desmet and Sibia shall deliver to the Planet Parties written resignations, effective as of the Closing Date, as a director, officer, and employee of Newtonian; provided however, Desmet shall remain as a director of Newtonian at the election of Planet Parties, and if so elected, may not resign as such director without the express written approval of Planet 13. Desmet and Sibia will arrange to have themselves removed from any surety bonds, guarantees and similar agreements and instruments that create a financial or legal obligation running from such Person to Newtonian or any other Person to the extent related to the Business and shall remove all of their designees from any Permits within five (5) Business Days of the Closing and take action to substitute Planet Parties' designee on each such Permit.

14. Prorations and Closing Expenses.

(a) Taxes, Utilities and Approved Contracts. All income and expenses related to the Approved Contracts (excluding the Lease and Buildout Loan), shall be apportioned between Planet Parties and Transferors as of 12:01 a.m. on the Closing Date and the Cruzado Payment shall not reduce the Cash Consideration ~~in an amount equal to the Cruzado Payment~~ (collectively, the "Adjustment Amount"). Notwithstanding the foregoing, the Adjustment Amount shall not include any fees, costs, obligations or expenses related to the Lease or amounts to satisfy any obligations under the Buildout Loan, which shall be assumed by Purchaser. All delinquent Taxes and all delinquent assessments, if any, attributable to the Premises will be paid at the Closing from the Buildout Loan. Any supplemental Taxes billed after the Closing Date for periods prior to August 1, 2019, will be paid promptly by Transferors. This Section 14(a) shall survive the Closing.

(b) Other Provisions. Any amounts or fees payable under any Permitted Encumbrances shall be prorated as of 12:01 a.m. on the Closing Date.

(c) Method of Proration. All prorations will be made as of the date of Closing based on a 365-day year or a 30-day month, as applicable.

(d) Limitations on Expenses. Notwithstanding anything in this Agreement, any fees, costs and expenses related to the preparation, submission and revision of any application to extend, renew or change ownership of the Privileged License or a new Annual License or succession or transfer of the Regulatory Safety Permit shall not reduce the Deposit, nor reduce the Consideration nor be considered part of the Buildout Loan ("Planet Costs"). All Planet Costs shall be reimbursed or paid for directly by Planet Parties. In the event that final documentation of any such item is not available at the Closing, the required proration shall be made on the basis

of the best available documentation and a further proration shall be made between the Parties when the final documentation or billing becomes available.

15. Termination and Remedies.

(a) Termination. This Agreement may be terminated and the transactions contemplated by this Agreement abandoned:

(i) by mutual written consent of Transferors and Planet Parties;

(ii) by either Transferors or Planet Parties, if not in default of its obligations hereunder, and any Governmental Authorities have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the consummation of the Transaction;

(iii) by Transferors if (A) there shall have been any material breach of a representation, warranty, covenant, or obligation of any Planet Party and, if such breach is curable, such default shall not have been remedied within ten (10) days after receipt of written Notice from Transferors specifying such breach and requesting that it be remedied (or if more than ten (10) days shall be required because of the nature of the default, if Planet Parties shall fail to diligently proceed to commence to cure the default after written notice) (B) any Planet Party shall commence a voluntary Insolvency Proceeding; or (C) an Insolvency Proceeding shall be commenced against Planet Party and such Insolvency Proceeding shall remain undismissed and unstayed for a period of sixty (60) days (collectively, "Planet Parties' Event of Default");

(iv) by Planet Parties if there shall have been any material breach of a representation, warranty, covenant, or obligation of the Transferors and, if such breach is curable, such default shall not have been remedied within ten (10) days after receipt of written Notice from Planet Parties specifying such breach and requesting that it be remedied (or if more than ten (10) days shall be required because of the nature of the default, if Transferors shall fail to diligently proceed to commence to cure the default after written notice) ("Transferors' Event of Default");

(v) ~~by Planet Parties prior to the expiration of the Due Diligence Period:~~Intentionally Omitted;

(vi) by either Transferors or Planet Parties if the Governmental Authorities have not approved the Transaction or Purchaser has not received all necessary Cannabis Approvals ~~either: (A)~~ on or before the Closing Date set forth in Section 13(a) ~~if Planet Parties have opted not to exercise any of their extension options as set forth in Section 13(b) herein; or (B) upon the expiration of the extension term if Planet Parties have exercised their right to an extension pursuant to Section 13(b)~~.

(b) Effect of Termination.

(i) Except as otherwise expressly provided in this Agreement, all fees and expenses incurred in connection with this Agreement and the Transaction shall be paid by the Party incurring such expenses, whether or not the Closing is consummated.

(ii) Upon the termination of this Agreement by Transferors pursuant to Planet Parties' Event of Default, the Deposit shall be payable to Transferors. Upon termination of this Agreement prior to the expiration of the Due Diligence Period or pursuant to a

Transferors' Event of Default, termination pursuant to Section ~~9(a), 10(c) or~~ 10(i) the Deposit shall be payable to Planet Parties.

(c) Remedies.

(i) UPON THE PLANET PARTIES' EVENT OF DEFAULT, AND IF TRANSFERORS HAVE PERFORMED ALL OF TRANSFERORS' OBLIGATIONS UNDER THIS AGREEMENT REQUIRED TO BE PERFORMED AT OR PRIOR TO THE TIME OF PLANET PARTIES' EVENT OF DEFAULT, ESCROW HOLDER MAY BE INSTRUCTED BY TRANSFERORS TO CANCEL THE AGREEMENT, AT WHICH TIME ALL PARTIES HERETO SHALL BE RELEASED FROM THEIR OBLIGATIONS HEREUNDER, EXCEPT FOR THOSE PROVISIONS THAT EXPRESSLY SURVIVE THE TERMINATION OF THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE BUILDOUT LOAN PLANET PARTIES AND TRANSFERORS AGREE THAT BASED UPON THE CIRCUMSTANCES NOW EXISTING, KNOWN AND UNKNOWN, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ESTABLISH TRANSFERORS' DAMAGE BY REASON OF PLANET PARTIES' EVENT OF DEFAULT. ACCORDINGLY, PLANET PARTIES AND TRANSFERORS AGREE THAT IT WOULD BE REASONABLE AT SUCH TIME TO AWARD TRANSFERORS "LIQUIDATED DAMAGES" EQUAL TO THE AMOUNT OF THE DEPOSIT AND CANCELLATION OF THE OUTSTANDING LOAN AMOUNT OF BUILDOUT LOAN. TRANSFERORS AND PLANET PARTIES ACKNOWLEDGE AND AGREE THAT THE FOREGOING AMOUNT IS REASONABLE AS LIQUIDATED DAMAGES AND SHALL BE TRANSFERORS' SOLE AND EXCLUSIVE REMEDY IN LIEU OF ANY OTHER RELIEF, RIGHT OR REMEDY, AT LAW OR IN EQUITY, TO WHICH TRANSFERORS MIGHT OTHERWISE BE ENTITLED BY REASON OF PLANET PARTIES' EVENT OF DEFAULT. NOTWITHSTANDING THE FOREGOING, TRANSFERORS SHALL, IN ADDITION TO ANY LIQUIDATED DAMAGES PROVIDED TO TRANSFERORS PURSUANT TO THIS AGREEMENT, RETAIN (1) THE RIGHT TO ENFORCE PLANET PARTIES' INDEMNIFICATION OBLIGATIONS HEREIN, AND (2) THE RIGHT TO RECOVER REASONABLE ATTORNEYS' FEES AND COSTS IN CONNECTION WITH SUCH ENFORCEMENT AND FOR THE ENFORCEMENT OF THE LIQUIDATED DAMAGES PROVISIONS OF THIS SECTION.

(ii) Upon Transferors' Event of Default, and if the Planet Parties have performed all of the Planet Parties' obligations under this Agreement required to be performed at or prior to the time of Transferors' Event of Default, Planet Parties shall be entitled to either: (i) seek specific performance of Transferor's obligations hereunder; or (ii) terminate this Agreement and shall be entitled to the return of the Deposit within one (1) day after written Notice of such termination is delivered by Planet Parties and to Escrow Holder, at which time all Parties hereto shall be released from their obligations hereunder, except for those provisions that expressly survive the termination of this Agreement. Planet Parties shall be entitled to bring an action against Transferors for specific performance of this Agreement without right to any damages or other equitable relief whatsoever. In addition, the Planet Parties shall have all rights granted them pursuant to the Buildout Loan documents. Nothing contained in this Section 15 shall relieve or limit the liability of a Party to this Agreement for any fraudulent or willful breach of this Agreement.

16. Miscellaneous.

(a) Entire Agreement. This Agreement embodies the entire agreement between the Parties relative to the subject matter hereof, and there are no oral or written agreements

between the Parties, nor any representations made by any Party relative to the subject matter hereof, which are not expressly set forth herein. No change or modification of this Agreement shall be valid unless in writing and signed by both Planet Parties and Transferors. No waiver of any of the provisions of this Agreement shall be valid unless in writing and signed by the Party against whom it is sought to be enforced. Specifically, upon full execution of this Agreement by the Parties, the Letter of Intent entered into between the Parties dated April 26, 2019, and the Memorandum of Understanding entered into between the Parties dated June 6, 2019, are deemed terminated.

(b) Assignment Benefits and Burdens. Neither the Transferors nor the Planet Parties may assign any of its rights under this Agreement without the prior written consent of the other Parties, which consent may not be unreasonably withheld. All terms of this Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective legal representatives, successors and assigns.

(c) Governing Law; Prevailing Party Attorney Fees; Waiver of Jury Trial.

(i) This Agreement concerns property located in the State of California, and shall be construed and enforced in accordance with the Laws of the State of California.

(ii) Venue for any action, litigation, or proceeding arising out of or concerning this Agreement shall be in Orange County, California, and the Parties expressly consent to the jurisdiction of the state and federal courts located in Orange County, California.

(iii) Notwithstanding any provision in this Agreement to the contrary, in the event of a dispute with respect to the subject matter of this Agreement, the prevailing Party in any proceeding, including arbitration commenced to resolve such disputes, shall be entitled to an award of its reasonable attorneys' fees and court or arbitration costs incurred in resolving or settling the dispute, in addition to any and all other damages or relief which the court or arbitrator may deem proper.

(iv) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTION OR THEREBY.

(d) Notices. All notices, consents, requests, demands, claims and other communications (each, a "Notice") required or permitted to be given or made under this Agreement must be in writing. Any notice, request, demand, claim, or other communication will be deemed duly given and received: (i) if personally delivered, when so delivered; (ii) if mailed, three (3) Business Days after having been sent by registered or certified U.S. mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below; (iii) if given by fax, once such notice or other communication is transmitted to the fax number specified below and the appropriate fax printout confirmation is received, provided that such notice or other communication is promptly thereafter mailed in accordance with the provisions of clause (ii) above; or (iv) if sent through a same-day or overnight delivery service in circumstances to which such service guarantees next day delivery, the day following being so sent:

To the Transferors: Sarah Sibia or Warner Management Group, LLC
[REDACTED]
[REDACTED]
Fax: None
Tel.: [REDACTED]
Email: [REDACTED]

Kyle Desmet or Newtonian Principles, Inc.
[REDACTED]
[REDACTED]
Fax: None
Tel.: [REDACTED]
Email: [REDACTED]

with a mandatory copy to (which shall not constitute Notice):
Stuart Kane LLP
620 Newport Center Dr., Unit 200
Newport Beach, California 92660
Fax: None
Tel.: [REDACTED]
Attn.: Cole F. Morgan
Email: [REDACTED]

To Planet Parties: Planet 13 Holdings, Inc.
BLC Management Company, LLC
2548 West Desert Inn Road
Las Vegas, Nevada 89109
Attn: Leighton Koehler
Fax: [REDACTED]
Tel.: [REDACTED]
Email: [REDACTED]

with a mandatory copy to (which shall not constitute Notice):
~~Lewis Brisbois Bisgaard & Smith LLP~~Holley Driggs
~~6385~~400 S. ~~Rainbow Blvd~~4th St., Suite ~~600~~300
Las Vegas, Nevada ~~89118~~89101
Fax: [REDACTED]
Tel.: [REDACTED]
Attn: Michael Kearney
Email: [REDACTED]

(e) Indemnification.

(i) Indemnification by Planet Parties. Subject to the limits set forth in this Section 16(e), Planet Parties jointly and severally agree to indemnify Transferors and each of their respective directors, officers, shareholders, managers, and agents, harmless from and in respect of any and all losses, damages, liability, costs and expenses (including, without limitation, reasonable expenses of investigation and defense fees and disbursements of counsel and other professionals) (collectively, "Losses"), arising directly or indirectly out of or directly or indirectly due to any material inaccuracy of any representation or the breach of any warranty,

covenant, undertaking, assumption of liabilities (including, without limitation, contractual obligations) or other agreement of Planet Parties contained in this Agreement.

(ii) Indemnification by Transferors. Subject to the limits set forth in this Section 16(e), Sibia and Desmet jointly and severally, agree to indemnify, defend, and hold the Planet Parties harmless from and in respect of any and all Losses arising directly or indirectly out of or directly or indirectly due to ~~(i)~~ any material inaccuracy of any representation or the breach of any warranty, covenant, undertaking, or other agreement of the Transferors contained in this Agreement~~, and (ii) any claims by Randy Cruzado related to the Cruzado Agreement~~.

(iii) Survival of Representations, Warranties and Covenants; Limitations on Indemnity. The representations and warranties of the Parties (other than the Fundamental Representations) or in any instrument delivered pursuant to this Agreement will survive the Closing Date and will remain in full force and effect thereafter for a period of twelve (12) months. The representations and warranties of the Transferors contained in Section 6(d) and (j) the ("Fundamental Representations"), shall survive until expiration of the statute of limitations in respect thereof. Notwithstanding anything to the contrary contained herein, Planet Parties shall not be entitled to recover Losses from Transferors nor shall Transferors be entitled to recover Losses from Planet Parties unless and until the total of all claims for Losses with respect to any inaccuracy or breach of any such representations or warranties or breach of any covenants, undertakings or other agreements, whether such claims are brought under this Section 16(e) or otherwise, exceeds Twenty Five Thousand U.S. Dollars ($25,000.00) in the aggregate (the "Deductible"). If the total amount of such Losses exceeds the Deductible, then the Party entitled to recover hereunder shall be entitled to recover the amount of such Losses exceeding Twenty-Five Thousand U.S. Dollars ($25,000); provided, however, that the aggregate amount of Losses that may be recovered by Planet Parties from Transferors shall not exceed Three Million U.S. Dollars $2,500,000.00 (the "Cap"). Neither the Deductible or the Cap shall apply to Excluded Liabilities, Losses arising from fraud, or breach of the Fundamental Representations. Notwithstanding anything in this Agreement, in no event shall any Party be required to indemnify any other Party, and no Party, nor any of its respective employees, agents or contractors shall be liable under any theory of liability to any other Party or any party claiming through or on behalf of such other Party for indirect, special, incidental, remote, or consequential damages including without limitation, lost profits and revenues arising under or in connection with this Agreement or the Transaction.

(iv) Materiality. Notwithstanding anything to the contrary in this Agreement, for purposes of determining whether there has been a breach and the amount of any Losses that are the subject matter of an indemnification claim, each representation, warranty and other provision contained in this Agreement and each ancillary agreement is to be read without regard and without giving effect to any materiality, material adverse effect or similar standard or qualification contained in such representation or warranty (as if such standard or qualification were deleted from such representation and warranty or other provision) unless described otherwise (e.g. "material breach"; "materially adverse", etc.).

(f) Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

(g) Captions. The captions of the various sections and paragraphs of this Agreement have been inserted only for the purpose of convenience; such captions are not a part

of this Agreement and shall not be deemed in any manner to modify, explain, enlarge or restrict any of the provisions of this Agreement.

(h) Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transaction is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that Transaction are fulfilled to the extent possible.

(i) Successors and Assigns. This Agreement shall be binding upon and inure solely to the benefit of each Party hereto and their respective successors and assigns, and nothing in this Agreement, express or implied is intended to or shall confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

(j) Legal Representation of the Parties. Each Party hereto has participated in the drafting of this Agreement, which each Party acknowledges is the result of extensive negotiations between the Parties. In the event of any ambiguity or question of intent arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

(k) Time of the Essence. Time is of the essence with respect to the time periods set forth in this Agreement.

(l) Exchange or Installment Sale Cooperation. Planet Parties hereby acknowledge that Warner may elect to effect a tax-deferred exchange under Section 1031 of the *Internal Revenue Code* or to effect a tax-deferred installment sale under Section 453 of the *Internal Revenue Code,* but in either such event Transferors shall not on that account delay the Closing or cause additional expense to Planet Parties. Transferors' rights under this Agreement, but not Transferors' duties or obligations, may be assigned to a qualified intermediary under either Section 1031 or Section 453, for the purposes of completing such an exchange or installment sale. Planet Parties consent thereto and agree to cooperate with Transferors and the intermediary to permit the exchange or installment sale to be completed. In the event of such an exchange or installment sale and assignment, Transferors shall nonetheless convey title to the applicable property directly to Planet Parties as provided in this Agreement. In the event of such an exchange or installment sale and assignment, Transferors' duties and obligations, if any, under this Agreement for performance after Closing and Transferors' representations and warranties herein shall remain with Transferors' and not pass to, or be undertaken or assumed by, the intermediary.

[*Signatures appear on the following page.*]

IN WITNESS WHEREOF, Planet Parties and Transferors have signed this Agreement on the Effective Date.

PLANET PARTIES:

Planet 13 Holdings Inc., a Canadian corporation

By: _____
Name: Robert Groesbeck
Its: Co-Chief Executive Officer

By_____
Name: Larry Scheffler
Its: Co Chief Executive Officer

BLC Management Company, LLC, a Nevada limited liability company

By: _____
Name: Robert Groesbeck
Its: Manager

By_____
Name: Larry Scheffler
Its: Manager

TRANSFERORS:

Warner Management Group, LLC, a New York limited liability company

By: _____
Name: Sarah Sibia
Its: Manager

By: _____
Name: Sarah Sibia, Individually

Newtonian Principles Inc., a Delaware corporation

By: _____
Name: Kyle Desmet
Its: President

By:
_____
Name: Kyle Desmet, Individually

EXHIBITS

Exhibit A	Lease
Exhibit B	Lock Up Agreement
Exhibit C	Questionnaire
Exhibit D	Intentionally Omitted
Exhibit E	Newtonian Stock Power
Exhibit F	Assignment and Assumption of Lease
Exhibit G	Bill of Sale
Exhibit H	Assignment and Assumption Agreement

SCHEDULES

Schedule 3(a)(ii)	Improvements
Schedule 3(a)(iii)	Furniture, Fixtures and Equipment
Schedule 3(b)(x)	Excluded Assets
Schedule 6(b)(i)	Consents
Schedule 6(c)	Legal Proceedings
Schedule 6(d)	Taxes
Schedule 6(i)	Environmental
Schedule 6(k)	Brokers

SCHEDULE 1

DEFINITIONS

"Acquired Assets" has the meaning ascribed to it in Section 3(a).

"Acquisition Transaction" has the meaning ascribed to it in Section 10(j).

"Adjustment Amount has the meaning ascribed to it in Section 14(c).

"Adult" or "Adults" means a person or persons, respectively, twenty-one (21) years of age or older.

"Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning ascribed to it in the introductory paragraph.

"Annual License" has the meaning ascribed to it in Section 5(e).

"Approved Contract" has the meaning ascribed to in Section 4(c).

"Asset Sale" has the meaning ascribed to it in Recital F.

"Assignment and Assumption Agreement" has the meaning ascribed to it in Section 11(a)(iii).

"Assignment and Assumption of Lease" has the meaning ascribed to it in Section 11(a).

"Assumed Liabilities" has the meaning ascribed to it in Section 4(a).

"Bill of Sale" has the meaning ascribed to it in Section 11(a).

"Books and Records" means all books, records, ledgers, files, information, data, and other written materials to the extent related to the ownership or operation of the Business, including, without limitation, books and records relating to accounting and tax matters.

"Buildout" has the meaning ascribed to it in Section 9(a).

"Buildout Loan" has the meaning ascribed to it in Section 9(a).

"Bureau" has the meaning ascribed to in Recital C.

"Business" has the meaning ascribed to in Recital D.

"Business Day" means any day other than a Saturday, Sunday, or other day on which commercial banks are authorized or required to close under the laws of the State of California.

"Canadian Securities Laws" means applicable Canadian provincial and territorial securities laws.

"Cannabis" means "cannabis" as defined by Section 11018 of the California Health and Safety Code, as amended, and "cannabis" as defined in Section 40-2 paragraph 7 of Chapter 40.

"Cannabis Approvals" means all Cannabis and land use regulatory registrations, findings of suitability, licenses, consents, approvals, waivers and authorizations that are necessary for the Planet Parties to complete the Transaction and to conduct (through ownership of Newtonian) Adult recreational sale of Cannabis Products at the Premises, including with limitation, a City of Santa Ana business license, a Regulatory Safety Permit, a Certificate of Occupancy and the Privileged License or Annual License.

"Cannabis Authority" means the Bureau and any other state, county or city regulatory or administrative authority, agency, board, commission or official responsible for or involved in the licensing and regulation of recreational cannabis cultivation and sales in any jurisdiction, including, within the State of California, the, Orange County, or the City of Santa Ana, including, without limitation, the Bureau

"Cannabis Laws" means all laws, statutes, regulations, rules, ordinances and codes pursuant to which any Cannabis Authority possesses regulatory, licensing, approval or permit authority over cannabis cultivation and the sale of recreational Cannabis Products conducted at the Premises, including Business and Professions Code Section 26000 et. seq. and Chapter 40.

"Cannabis Products" means "cannabis products" as defined by Section 11018.1 of the California Health and Safety Code, as amended, and "cannabis" as defined in Section 40-2 paragraph 7 of Chapter 40.

"Cash Consideration" has the meaning ascribed to it Section 2(a).

~~"Cash Consideration Escrow" has the meaning ascribed to it Section 2(e).~~

"Cap" has the meaning ascribed to it Section 16(e)(iii).

"CCC" means the California Corporations Code.

"Chapter 40" has the meaning ascribed to in in Section 6(h)(i).

"Closing" means the closing of the purchase and sale of the Acquired Assets in accordance with Section 13(a).

"Closing Date" means the date of Closing provided for in Section 13(a).

"Closing Statement" shall mean the statement prepared by the Parties in accordance with Section 11.

"Consideration" has the meaning ascribed to it in Section 2(a).

"Constituent Documents" means the articles or certificate of organization or incorporation, operating agreement, partnership agreement, bylaws, certificate of limited partnership, and all similar organizational or constituent governing documents of a Person.

"Contracts" means all contracts, agreements and obligations currently in force relating to the Acquired Assets, Newtonian and Warner including, without limitation, all sale, management,

construction, insurance, commission, architectural, engineering, operating, employment, service, supply and maintenance agreements.

"Cruzado Agreement" has the meaning ascribed to it in Section 10(e).

"Deductible" has the meaning ascribed to it Section 16(e)(iii).

"Deposit" has the meaning ascribed to it in Section 2(e).

"Designated Parking" has the meaning ascribed to it in Section 6(b)(v).

"Desmet" has the meaning ascribed to it in the Preamble.

"Disclosure Schedules" or "Schedule" means the Disclosure Schedules delivered by Transferors and Planet Parties concurrently with the execution and delivery of this Agreement.

"Due Diligence Period" has the meaning ascribed to in in Section 8(a)).

"Effective Date" has the meaning ascribed to it in the Preamble.

"Encumbrance" means any charge, claim, community or other marital property interest, condition, equitable interest, lien, option, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

~~"Entitlement Approval" has the meaning ascribed to in in Section 10(e).~~

~~"Entitlement Approval Extension" has the meaning ascribed to in in Section 10(e).~~

"Environmental Claim" has the meaning ascribed to it in Section 6(i).

"Environmental Law" means any Law or order relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or other Hazardous Material or wastes into the environment (including, without limitation, ambient air, soil, surface water, ground water, wetlands, land, subsurface strata, CERCLA or CERCLIS), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or other Hazardous Materials.

"Environmental Permits" has the meaning ascribed to it in Section 6.(i).

"Escrow Holder" means Lewis Brisbois or such other escrow holder as the Parties shall agree.

"Excluded Assets" has the meaning ascribed to it in Section 3(b).

"Excluded Liabilities" has the meaning ascribed to it in Section 4(b).

"Excluded Personal Property" has the meaning ascribed to it in Section 3(b).

"Express Representations" has the meaning ascribed to it in Section 7.

"FIRPTA" means the Foreign Interest in Real Property Transfer Act.

"Fundamental Representations" has the meaning ascribed to in in Section 16(e).

"Governmental Approvals" has the meaning ascribed to in in Section 10(d).

"Governmental Authority" means any federal, state, local, or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision (including any Cannabis Authority), or any self-regulated organization or other non-governmental regulatory authority or quasi-Governmental Authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

"Governmental Regulation" means any Laws, ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, subdivision, zoning, environmental, toxic or hazardous waste, occupational health and safety, water, earthquake hazard reduction, and building and fire codes) of the Governmental Authorities bearing on the construction, alteration, rehabilitation, maintenance, use, operation or sale of the Acquired Assets.

"Grove" means Grove Investment Company, a California general partnership.

"Hazardous Substance" means asbestos, petroleum products and by-products, any other hazardous or toxic building material, and any hazardous, toxic, or dangerous waste, substance or material defined as such in or for the purpose of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601 et seq., any so called "Super fund" or "Super Lien" law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards or conduct concerning, any hazardous, toxic, or dangerous waste, substance or material or underground storage tanks, now in effect

"Improvements" has the meaning ascribed to it in Section 3(a)(ii).

"Initial Deposit" has the meaning ascribed to it in Section 2(c).

"Insolvency Proceeding" shall mean any proceeding commenced by or against any Person under any provision of the Title 11 of the United States Code (11 U.S.C. 101 et seq.) or under any other bankruptcy or insolvency Law, including without limitation, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with such Person's creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

"Intangible Property" has the meaning ascribed to it in Section 3(a)(viii).

"Knowledge" means, with respect to Planet Parties , the actual knowledge of Larry Scheffler or Robert Groesbeck, and with respect to Transferors, the actual knowledge of Kyle Desmet and Sarah Sibia.

"Law" means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

"Lease" means that certain Standard Industrial Commercial Multi-Tenant Lease – Net, between Warner as Lessee and Grove, as Lessor, including all amendments and exhibits thereto and assignments thereof, in substantially the form attached hereto as Exhibit A and by this reference incorporated herein.

"License" means all licenses, Permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Government Authority, including without limitation the Privileged License.

"Losses" has the meaning ascribed to it in Section 16(e).

"Management Agreement" has the meaning ascribed to it in Section 9(b).

"Purchaser" has the meaning ascribed to it in the Preamble.

"Publication" has the meaning ascribed to it in Section 10(c).

"Newtonian" has the meaning ascribed to it in the Preamble.

"Purchaser" has the meaning ascribed to it in the Preamble.

"Notice" has the meaning ascribed to in in Section 16(d).

"Ordinary Course of Business" means an action taken by a Person will be deemed to have been taken in the Ordinary Course of Business only if that action:

(i) is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person;

(ii) does not require authorization by the officer or director of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature; and

(iii) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as such Person.

"Parent" has the meaning ascribed to it in the Preamble.

"Party" means any of the Transferors or Planet Parties.

"Parties" means all of the Transferors and Planet Parties.

"Permit" means any license, approval, certificate, franchise, registration, permit, right of way, authorization, variance, subdivision map, plan, entitlement, and waiver acquired, being acquired, applied for, or used, and all agreements with, and any waivers, licenses, permits, and approvals from or to any Government Authority

"Permitted Encumbrances" means any easement, right of way, encroachment, conflict, discrepancy, overlapping of improvements, protrusion, lien, encumbrance, restriction, condition, covenant, exception, including the Lease and Assumed Liabilities, or other matter with respect to the Real Property, Premises, the Acquired Assets of the Business approved by Planet Parties.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, limited liability company, limited liability partnership, Governmental Authority, or other entity of whatever nature.

"Phase I Work of Improvement" has the meaning ascribed to it in Section 9(a).

"Phase II Work of Improvement" has the meaning ascribed to it in Section 9(a).

"Planet Costs" has the meaning ascribed to it in Section 14(a).

"Planet Parties' Agents" has the meaning ascribed to it in Section 8(a).

"Planet Parties' Closing Documents" has the meaning ascribed to it in Section 10(b).

"Premises" has the meaning ascribed to it in Recital B.

"Privileged License" has the meaning ascribed to it in Recital C.

"Purchaser" has the meaning ascribed to in the preamble.

"Questionnaire" means the form of accredited investor questionnaire attached hereto as Exhibit C.

"Real Property" means the commercial property commonly known as South Coast Business Center located at 3400, 2330, 3480, 3500 W. Warner Ave., Santa Ana, California.

"Regulatory Safety Permit" has the meaning ascribed to in Recital C.

"Rejected Contract" has the meaning ascribed to it in Section 4(c).

" Required Consent" has the meaning ascribed to it in Section 10(c).

"Restricted Stock" has the meaning ascribed to it in Section 2(1).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Security Device" means any ground lease, mortgage, deed of trust, or other hypothecation or security device now or hereafter placed upon the Premises.

"Share Exchanger" has the meaning ascribed to it in Recital F.

"Shares" has the meaning ascribed to it in Recital A.

"Sibia" has the meaning ascribed to it in the Preamble.

"Tangible Personal Property" means all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, and other items of tangible personal property (other than Operating Supplies) of every kind owned or leased by Warner or Newtonian (wherever located and whether or not carried on the Books and Records), together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof and all maintenance records and other documents relating thereto.

"Taxes" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp,

occupation, premium, property (real or personal), real property gains, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"Transaction" means the transactions contemplated by this Agreement.

"Transaction Documents" means this Agreement and the other agreements, instruments and documents required to be delivered at Closing.

"Transferors" has the meaning ascribed to it in the Preamble

"Transferors' Agents" has the meaning ascribed to it in the Section 8(c).

"Transferors' Closing Documents" has the meaning ascribed to it in Section 11(a).

"Transferors' Expense Reimbursement" has the meaning ascribed to it in the Section 2(d).

"Transferors' Related Parties" has the meaning ascribed to it in the Section 8(f).

"Warner" has the meaning ascribed to it in the preamble.

"Work Product" means all documents delivered to Planet Parties by Transferors related to the Real Property and all other reports, studies and documents prepared by third parties in connection with Planet Parties' investigation of the Real Property. Work Product does not include Planet Parties' internal confidential memoranda relative to the Real Property.

"Work of Improvement" has the meaning ascribed to it in the Section 3(b).

Schedule 3(a)(ii)
Improvements

Subject to the terms and conditions of the Lease, the improvements constructed or partially constructed by Warner at the Premises as of the Closing Date in their as-is condition, which include the improvements completed or partially completed as of the Closing Date pursuant to the final plans by John G. Cataldo for the Buildout.

Schedule 3(a)(iii)
Furniture, Fixtures and Equipment

None.

Schedule 3(b)(iii)
Excluded Assets, Properties and Rights

The personal assets, properties, and rights of Sibia and Desmet.

Schedule 6(b)(i)
Required Consents

1. As required under the Lease;
2. ~~As required by the Cruzado Agreement.~~Intentionally Omitted;
3. As required by any Security Device (as defined by the Lease);
4. As required pursuant to any agreement with the Planet Parties;
5. As required under applicable Cannabis Laws;
6. As required under Chapter 40.

Schedule 6(c)
Legal Proceedings

[REDACTED]

Schedule 6(d)
Taxes

Schedule 6(i)
Environmental

1. As disclosed on Exhibit B to the Lease.

2. As disclosed in that certain Simi-Annual Groundwater Monitoring Report Second Half 2018 by Arcadis for the South Coast Business Center dated February 12, 2019.

Schedule 6(k)
Brokers

1. ~~As required by the Cruzado Agreement~~ Intentionally Omitted.
2. Matt Young

Document comparison by Workshare 9 on Thursday, April 16, 2020 10:11:32 PM

Input:	
Document 1 ID	file://C:\Users\cmorgan\Desktop\Planet 13 - Equity Interest Acquisition Agreement - Santa Ana Property.docx
Description	Planet 13 - Equity Interest Acquisition Agreement - Santa Ana Property
Document 2 ID	file://C:\Users\cmorgan\Desktop\Planet 13 - Equity Interest Acquisition Agreement - Santa Ana Property (AMENDED).docx
Description	Planet 13 - Equity Interest Acquisition Agreement - Santa Ana Property (AMENDED)
Rendering set	Standard

Legend:	
Insertion	
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Style change	
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Inserted cell	
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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	62
Deletions	68
Moved from	2
Moved to	2
Style change	0
Format changed	0

Total changes	134

AMENDMENT NO. 2 TO ACQUISITION AGREEMENT

THIS AMENDMENT NO. 2 TO ACQUISITION AGREEMENT (the "Amendment") is made this 20 day of May 2020, by and among BLC Management Company, LLC, a Nevada limited liability company ("Purchaser"), Planet 13 Holdings Inc., a corporation organized under the Canada Business Corporations Act ("Parent" and together with Purchaser the "Planet Parties"), Kyle Desmet ("Desmet"), Newtonian Principles Inc., a Delaware corporation ("Newtonian") Warner Management Group, LLC, a New York limited liability company ("Warner") and Sarah Sibia ("Sibia," and together with Desmet, Newtonian and Warner, the "Transferors").

RECITALS

WHEREAS, Transferors and the Planet Parties are parties to (i) that certain Acquisition Agreement dated December 20, 2019, as amended by Amendment No. 1 dated April 16, 2020 (as amended hereby and as may be further amended, restated, extended, supplemented and/or otherwise modified from time to time, the "Agreement"), and (ii) the other Transaction Documents (as defined in the Agreement, and as amended to date and as may be further amended, restated, extended, supplemented and/or otherwise modified from time to time),

WHEREAS, the Parties desire to make certain amendments to the Agreement and the other Transaction Documents subject to the terms and conditions as set forth in this Amendment.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

1.01 **Capitalized Terms**. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Agreement, and the rules of construction set forth in the Agreement shall apply to this Amendment.

ARTICLE II
AMENDMENT TO PURCHASE AGREEMENT

2.01 Amendment of Section 6(l). Section 6(l) of the Agreement is hereby amended to read in its entirety as follows:

(a) Securities Matters.

(i) No Prior Holdings; Acquisition for Investment. None of the Transferors is the registered or beneficial holder of any securities of Parent. The Transferors acknowledge they will be acquiring the Restricted Stock issuable pursuant to this Agreement for investment for their own account and not as nominees or agents, and not with a view to the resale or distribution of any part thereof, and further represent that they have no present intention of selling, granting any participation in, or otherwise distributing the same. The Transferors further represent that they do not have any Contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Restricted

Stock. The Transferors understand that any Restricted Stock issuable hereunder will not be registered under the Securities Act, on the ground that the sale and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(a)(2) thereof, and that Parent's reliance on such exemption is predicated on the Transferors' representation set forth herein, including the Transferors' completion and execution of the Questionnaire. The Transferors further understand that any Restricted Stock issuable hereunder will constitute a distribution of securities that is exempt from the prospectus requirement of applicable Canadian Securities Laws.

(ii) Investment Experience. Each Transferor acknowledges that it can bear the economic risk of the investment, and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Restricted Stock. Each Transferor (x) is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act (as amended by Section 413(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act), and has duly completed and executed the Questionnaire, and (y) agrees that it will not take any action that could negatively impact the availability of the exemption from registration provided by Section 4(a)(2) of the Securities Act with respect to the sale and the issuance of securities hereunder.

(iii) Information. The Transferors have carefully reviewed such information as they have deemed necessary with respect to the Restricted Stock. To the Transferors' full satisfaction, each Transferor has been furnished all materials requested by such Transferor relating to Parent, and the issuance of Restricted Stock hereunder, and each Transferor has been afforded the opportunity to ask questions of representatives of Parent, to obtain any information necessary to verify the accuracy of any representations or information made or given to such Transferor.

(iv) Restricted Securities. The Transferors understand that the Restricted Stock issuable pursuant to this Agreement may not be sold, transferred, or otherwise disposed of without registration under the Securities Act and applicable state and federal securities laws or an exemption therefrom, and that in the absence of an effective registration statement covering the Restricted Stock or any available exemption from registration under the Securities Act and applicable state and federal securities laws, the Restricted Stock must be held indefinitely. Without limitation of the foregoing, the Shares sold to the Parent hereunder by each of Desmet and Sibia have a fair value of not less than CDN$150,000 as of the Closing Date, and each of Desmet and Sibia understands that the Restricted Stock may not be resold under applicable Canadian Securities Laws before the date that is four (4) months plus one (1) day following the Closing Date, is aware that the certificate which he or she shall receive evidencing the Restricted Stock will bear a legend with respect to the resale restrictions under applicable Canadian Securities Laws in substantially the following form:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE CLOSING DATE.

and, understands that after the date that is four (4) months plus one (1) day following the Closing Date, the Restricted Stock may be resold under applicable Canadian Securities Laws in each Province and Territory of Canada, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*; (ii) no unusual effort is made to

prepare the market or create a demand for the Restricted Stock; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Parent (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Parent is in default of applicable Canadian Securities Laws. Unless registered under the Securities Act and applicable state securities laws, the certificates representing the Restricted Stock shall also bear a legend in 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 "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, EXCHANGED, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE BENEFIT OF ANY NATIONAL, CITIZEN OR RESIDENT OF THE UNITED STATES, ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES, EXCEPT: (A) TO THE ISSUER, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS, (C) IN COMPLIANCE WITH (1) RULE 144 OR (2) RULE 144A UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS, (D) IN CONNECTION WITH ANOTHER EXEMPTION UNDER THE SECURITIES ACT, OR (E) WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER, UPON THE ISSUER RECEIVING, IN THE CASE OF CLAUSES (C)(1) AND (D) ABOVE, AN OPINION OF COUNSEL FOR THE HOLDER, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

Notwithstanding the foregoing, (i) at any time Parent or its successor company is a "foreign issuer", as defined in Rule 902(e) of Regulation S of the Securities Act, if such securities are being sold in accordance with the requirements of Rule 904 of Regulation S of the Securities Act, as referred to above, and in compliance with local Laws and regulations, the legend may be removed by providing a declaration to the Parent's transfer agent for such securities, in the form as may be prescribed by Parent or its successor company from time to time, together with any other evidence, which may include an opinion of counsel of recognized standing reasonably satisfactory to Parent or its successor company to the effect that such legend is no longer required under applicable requirements of the Securities Act, required by Parent or its successor company or such transfer agent; and (ii) if any such securities are being sold pursuant to Rule 144 under the Securities Act, the legend may be removed by delivery to the registrar and transfer agent for such securities of an opinion of counsel of recognized standing reasonably satisfactory to Parent or its successor company to the effect that such legend is no longer required under applicable requirements of the Securities Act or applicable state securities laws.

Each of Desmet and Sibia acknowledges that the Restricted Stock may not be resold under applicable Canadian Securities Laws before the date that is four (4) months

plus one (1) day following the Closing Date, is aware that the certificate which he or she shall receive evidencing the Restricted Stock will bear a legend with respect to the resale restrictions under applicable Canadian Securities Laws in substantially the following form:

> UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE CLOSING DATE.

and understands that after the date that is four (4) months plus one (1) day following the Closing Date, the Restricted Stock may be resold under applicable Canadian Securities Laws in each Province and Territory of Canada, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for the Restricted Stock; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Parent (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Parent is in default of applicable Canadian Securities Laws.

Desmet and Sibia are acquiring the Restricted Stock as principal for their own account and not with a view toward, or for sale in connection with, any distribution thereof, or with any present intention of distributing or selling the Restricted Stock in any Province or Territory of Canada. Each of Desmet and Sibia is an "accredited investor" as defined in National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators and is able to bear the economic risk of an investment in the Restricted Stock.

Each of Desmet and Sibia acknowledge that Parent may be required to file a report with the Canadian securities regulatory authorities containing personal information about Desmet and Sibia, including their full names, addresses and telephone numbers, the number and type of securities purchased, the total purchase price paid for the securities, the date of the closing and the exemption relied upon under applicable Canadian Securities Laws.

Each of Desmet and Sibia acknowledges that the Restricted Stock will be legended pursuant to Canadian Securities Laws and may not be resold in each Province and Territory of Canada before the date that is four (4) months plus one (1) day following the Closing Date, is aware that the certificate which he or she shall receive evidencing the Restricted Stock will bear a legend with respect to the resale restrictions under applicable Canadian Securities Laws in substantially the following form:

> UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE CLOSING DATE].

and understand that after the date that is four (4) months plus one (1) day following the

Closing Date, the Restricted Stock may be resold under applicable Canadian Securities Laws in each Province and Territory of Canada, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for the Restricted Stock; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Parent (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Parent is in default of applicable Canadian Securities Laws.

(v) Rule 144. Desmet and Sibia understand and acknowledge that (i) if Parent or any successor company is deemed 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, other than a Capital Pool Company (as such term is defined in the TSXV Corporate Finance Manual), Rule 144 under the Securities Act may not be available for resales of the Restricted Stock and (ii) Parent is not obligated to make Rule 144 under the Securities Act available for resales of such Restricted Stock.

(vi) No Registration Statement. Desmet and Sibia understand and acknowledge that Parent has no obligation or present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the Restricted Stock in the United States.

(vii) Foreign Issuer. Desmet and Sibia understand and acknowledge that Parent or any successor company (i) is not obligated to remain a "foreign issuer" within the meaning of Rule 902(e) of Regulation S of the Securities Act, (ii) may not, at the time the Restricted Stock are resold by it or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions which could cause Parent or any successor company not to be a foreign issuer, and if Parent or any successor company is not a foreign issuer at the time of sale or transfer of the Restricted Stock pursuant to Rule 904 of Regulation S of the Securities Act, the certificates representing the Restricted Stock may continue to bear the legend described above.

(viii) Financial Statements. Each Transferor understands and acknowledges that the financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards, 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.

2.02 Revised form of Questionnaire. The Questionnaire attached hereto is hereby substituted for the form of Questionnaire attached to the Agreement as Exhibit D.

2.03 Amendment of Section 11(a)(vii). Section11(a)(vii) of the Agreement is hereby amended to read in its entirety as follows:

(vii) certificates of good standing for Newtonian issued by the Delaware Secretary of State and for Warner issued by the New York Secretary of State no more than thirty (30) days prior to the Closing Date;

2.04 Amendment of Section 11(b)(iii). Section 11(b)(iii) of the Agreement is hereby amended to read in its entirety as follows:

(iii) a certificate of good standing for Planet Parties issued by the applicable Governmental Authority of each jurisdiction in which such entity is organized, not more than thirty (30) days prior to the Closing Date;

ARTICLE III
NO WAIVER

3.01 No Waiver. Nothing contained in this Amendment shall be construed as a waiver by the any Party of any covenant or provision of the Agreement, the other Transaction Documents, this Amendment or of any other contract or instrument between the Parties, and the failure of either Party at any time or times hereafter to require strict performance by the other Party of any provision thereof shall not waive, affect or diminish any right of either Party to thereafter demand strict compliance therewith. Each Party hereby reserves all rights granted under the Agreement, the other Transaction Documents, this Amendment and any other contract or instrument between the Parties.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

4.01 Power and Authority. Each Party has the power and authority to enter this Amendment and the other Transaction Documents to which it is a party and to incur any obligations thereunder. As of the date hereof, the execution, delivery, and performance of this Amendment, and the other Transaction Documents by each Party will have been duly authorized by all necessary corporate, limited liability company, or other entity action (and, if necessary, equity holder action), in each case, to the extent applicable to such Party. The execution, delivery, and performance by each Party of this Amendment, and the other Transaction Documents to which each Party is a party and the consummation of the transactions contemplated by this Amendment and the other Transaction Documents do not violate, conflict with, or cause a breach or default under (a) any applicable law, (b) the corporate charter or articles or certificate of formation, incorporation or organization, bylaws, limited liability company agreement, operating agreement, partnership agreement or other organizational documents of any Party or (c) any agreement or order by which a Party is bound. This Amendment, and the other Transaction Documents are the legally valid and binding obligations of the applicable Party respectively, each enforceable against each party, as applicable, in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally or by general principles of equity.

ARTICLE V
MISCELLANEOUS PROVISIONS

5.01 Survival of Representations and Warranties. All representations and warranties made in this Amendment and the other Transaction Documents, including, without limitation, any document furnished in connection with this Amendment, shall survive the execution and delivery of this Amendment and the other Transaction Documents for a period of twelve (12) months following the Closing Date.

5.02 References to Agreement. Each of the Agreement and the other Transaction Documents, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Agreement, as amended hereby, are hereby

amended so that any reference in the Agreement and such other Transaction Documents to the Agreement shall mean a reference to the Agreement as amended hereby.

5.03 Costs and Expenses. Each Party agrees to pay all costs and expenses incurred by such Party in connection with any and all amendments, modifications, and supplements to the Transaction Documents effected by this Amendment.

5.04 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

5.05 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of each Party and each of their respective successors and assigns, except that no Party may assign or transfer any of their respective rights or obligations hereunder without such consent as is required under the Agreement.

5.06 Counterparts. This Amendment may be executed and delivered in one or more counterparts (including by PDF or other means of electronic transmission), each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

5.07 Further Assurances. Each Party agrees to execute and deliver such other and further documents and instruments as a Party may request to implement the provisions of this Amendment.

5.08 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

5.09 Applicable Law. THIS AMENDMENT AND ALL OTHER AGREEMENTS EXECUTED PURSUANT HERETO SHALL BE DEEMED TO HAVE BEEN MADE AND TO BE PERFORMABLE IN AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

5.10 Final Agreement. THE AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS, EACH AS AMENDED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AMENDMENT IS EXECUTED. THE AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS, AS AMENDED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AMENDMENT OF ANY PROVISION OF THIS AMENDMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY EACH OF THE PARTIES HERETO.

5.11 Full Opportunity for Review; No Undue Influence. Each Party has reviewed this Amendment and acknowledges and agrees that it (a) understands fully the terms of this Amendment and the consequences of the issuance hereof, (b) has been afforded an opportunity to have this Amendment reviewed by, and to discuss this Amendment with, such attorneys and other Persons as it may wish, and (c) has entered into this Amendment of its own free will and accord and without threat or duress. This Amendment and all information furnished by a Party to another Party is made and furnished in good faith, for value and valuable consideration. This Amendment has not been made or induced by any fraud, duress or undue influence exercised by a Party or any other Person.

[*Signature pages follow.*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first written above.

Planet 13 Holdings, Inc., a Canadian Corporation

By: /s/ Robert Groesbeck
Name: Robert Groesbeck
Title: Co-President

By: /s/ Larry Scheffler
Name: Larry Scheffler
Title: Co-President

BLC Management Company, LLC, a Nevada limited liability company

By: /s/ Robert Groesbeck
Name: Robert Groesbeck
Title: Manager

By: /s/ Larry Scheffler
Name: Larry Scheffler
Title: Manager

Warner Management Group, LLC, a New York limited liability company

By: /s/ Sarah Sibia
Name: Sarah Sibia
Its: Manager

By: /s/ Sarah Sibia
Name: Sarah Sibia, individually

Newtonian Principles Inc., a Delaware corporation

By: /s/ Kyle Desmet
Name: Kyle Desmet
Its: President

By: /s/ Kyle Desmet
Name: Kyle Desmet, Individually

THIS AGREEMENT IS SUBJECT TO STRICT REQUIREMENTS FOR ONGOING REGULATORY COMPLIANCE BY THE PARTIES HERETO, INCLUDING, WITHOUT LIMITATION, REQUIREMENTS THAT THE PARTIES TAKE NO ACTION IN VIOLATION OF THE NEVADA CANNABIS LAWS OR THE GUIDANCE OR INSTRUCTION OF THE REGULATORY AUTHORITIES. SECTION 10.3(D) OF THIS AGREEMENT CONTAINS SPECIFIC REQUIREMENTS AND COMMITMENTS BY THE PARTIES TO MAINTAIN FULLY THEIR RESPECTIVE COMPLIANCE WITH THE NEVADA CANNABIS LAWS AND THE REGULATORY AUTHORITIES. THE PARTIES HAVE READ AND FULLY UNDERSTAND THE REQUIREMENTS OF SECTION 10.3(D).

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement"), dated as of July 17, 2020 (the "Effective Date"), is entered into by Planet 13 Holdings Inc., a corporation organized under the *Business Corporations Act* (British Columbia) ("Planet 13"), MM Development Company, Inc., a Nevada corporation ("Buyer", and together with Planet 13 the "Planet 13 Parties"), and W the Brand, LLC, a Delaware limited liability company ("W Vapes"), and West Coast Development Nevada, LLC, a Nevada limited liability company ("Seller") and R. Scott Coffman, a North Carolina resident ("Coffman" and together with Seller and W Vapes, the "Transferors"). Buyer, Planet 13, Seller, W Vapes and Coffman are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

A. Buyer desires to purchase certain assets relating to the Business of Seller, and Seller desires to sell such assets to Buyer on the terms herein.

B. W Vapes is treated as the parent company of Seller by virtue of a certain Beneficial Holding Agreement effective as of February 28, 2017 by and between Coffman, and W Vapes.

C. Planet 13 is the parent company of Buyer.

D. On the First Closing Date, Seller wishes to sell to Buyer, and Buyer wishes to purchase from Seller, the Purchased Assets except for the Second Closing MRB Assets, free and clear of all Encumbrances except for Permitted Encumbrances, and Seller wishes to assign to Buyer, and Buyer wishes to assume from Seller, the Assumed Liabilities, but excluding the Second Closing Assumed Liabilities, all upon the terms and conditions contained in this Agreement.

E. On the Second Closing Date, Seller desires to sell to Buyer, the Second Closing MRB Assets, and Buyer desires to purchase from Seller, the Second Closing MRB Assets, subject to the Regulatory Approval and the assumption by Buyer of the Second Closing Assumed Liabilities.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS; RECITALS

1.1. Definitions. For all purposes, capitalized terms in this Agreement shall have the respective meanings set forth below in this Agreement in Schedule 1 to this Agreement.

1.2. Recitals. The Recitals are hereby incorporated herein by this reference.

1.3. Usage of Terms. Except where the context otherwise requires, words importing the singular number will include the plural number and vice versa. Use of the word "including" means "including, without limitation."

1.4. References to Articles, Sections, Exhibits and Schedules. All references in this Agreement to Articles, Sections (and other subdivisions), Exhibits and Schedules refer to the corresponding Articles, Sections (and other subdivisions), Exhibits and Schedules of or attached to this Agreement, unless expressly provided otherwise.

ARTICLE 2
PURCHASE AND SALE OF PURCHASED ASSETS AND MRB ASSETS

2.1. Purchase of Assets at First Closing.

(a) In accordance with the terms and upon the conditions of this Agreement, on the First Closing Date, Buyer shall purchase and accept from Seller, and Seller shall sell, transfer, assign, convey and deliver to Buyer, all of its right, title and interest in and to the following assets, properties, rights and claims of Seller, and, free and clear of all Encumbrances (other than Permitted Encumbrances) (collectively, the "Purchased Assets"):

(i) all Tangible Personal Property;

(ii) the MRB Inventory;

(iii) all equipment owned or leased (to the extent assignable) in connection with Business and the additional equipment set forth on Schedule 2.1(a)(iii) (but excluding MRB Assets described in Section 2.2(a)(i)(v);

(iv) all Contracts and agreements between Seller and third parties set forth on Schedule 2.1(a)(iv) (the "Assumed Contracts") other than the MRB Contracts;

(v) books, records and other documents and information in Seller's possession pertaining solely to the Purchased Assets;

(vi) all transferable Permits (excluding the MRB Licenses set forth on Schedule 2.1(a)(vi); and

(vii) all rights, claims and causes of action against third parties arising on or after the First Closing Date related solely to the operation of the Business.

(b) Excluded Assets. Notwithstanding anything to the contrary herein, Seller shall not contribute, sell, transfer, or assign to Buyer, and Buyer shall not receive, any of Seller's right, title and interest in, any assets other than the Purchased Assets as set forth in Section 2.1(a) above on the First Closing Date and the MRB Assets set forth in Section 2.2(a) below on the Second Closing Date (collectively, the "Excluded Assets"), including, without limitation, any of the following assets:

(i) all cash, cash equivalents and securities existing on the First Closing Date;

(ii) all accounts arising from the provision of goods to customers, billed and unbilled, recorded and unrecorded, for products provided by Seller/Indus (pursuant to the Excluded Management Agreement) prior to the First Closing Date;

(iii) all rights, claims, and causes of action against third parties arising prior to the First Closing Date, or not related solely to the operation of the Business;

(iv) all refunds of Taxes and tax loss carry-forwards of Seller relating to the Purchased Assets and the Business with respect to any Pre-Closing Tax Period;

(v) all bank and other depository accounts and safe deposit boxes of Seller;

(vi) the organizational charter or other governing documents of Seller and all qualifications to conduct business as a foreign entity, taxpayer identification numbers, seals, minute books, and other books, records, correspondence and documents relating to the organization, maintenance, existence, or tax matters of Seller;

(vii) any employee benefit plans currently or formerly offered by the Seller;

(viii) all Excluded MRB Inventory;

(ix) the Excluded Management Agreement; and

(x) any and all books, records, correspondence and documents solely relating to the Excluded Assets.

(c) Assumed Liabilities at First Closing. Buyer agrees to assume, effective as of the First Closing, all liabilities related to the Assumed Contracts but only to the extent that such liabilities (i) are required to be performed after the First Closing Date; and (ii) do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Seller on or prior to the First Closing Date (collectively, the "First Closing Assumed Liabilities"). All liabilities related to the Seller, W Vapes, Indus, the Purchased Assets and the MRB Assets, other than the First Closing Assumed Liabilities and Second Closing Assumed Liabilities (as defined below) (the "Excluded Liabilities"), shall not be assumed by Buyer.

2.2. Transfer of MRB Assets at Second Closing.

(a) In accordance with the terms and upon the conditions of this Agreement, on the Second Closing Date and upon issuance of the Regulatory Approvals, Buyer will purchase and accept from Seller and Seller will sell, transfer, assign, convey and deliver to Buyer all of its right, title and interest in and to the following assets of Seller, free and clear of all Encumbrances (other than Permitted Encumbrances) (the "Second Closing MRB Assets"):

(i) the then existing MRB Inventory;

(ii) the MRB Licenses;

(iii) all Contracts entered into by Seller related to the Business to the extent that Seller must be authorized to hold any MRB License or MRB Inventory under the terms of such Contract or applicable Laws (the "MRB Contracts"), a list of which is set forth on Schedule 2.2(a)(iii);

(iv) any assets, tangible or intangible, related to the Business which are required to be held by a Person authorized to hold any MRB License or MRB Inventory under applicable Laws; and

(v) all books, records and other documents and information pertaining solely to the MRB Assets in Seller's possession, but excluding books, records and other documents and information pertaining to the Excluded Assets.

(b) For the avoidance of doubt, the MRB Assets shall not include the Excluded Assets. Buyer and Seller will enter into all customary instruments of transfer, assumption, filings, assignments or other documents, in form and substance reasonably satisfactory to the Parties, to evidence the transfer of the MRB Assets from Seller to Buyer on the Second Closing Date.

(c) Assumed Liabilities at Second Closing. Buyer agrees to assume, effective as of the Second Closing, any and all liabilities arising from the Lease and from operations under the Management Agreement, including, without limitation, all accounts payable, all obligations under Contracts and other agreements and arrangements, tort claims, and all other liabilities and obligations relating to the operations under the Management Agreement. Collectively, the assumption and, if applicable, cancellation of Liability set forth in this Section 2.2(c) are referred to herein as the "Second Closing Assumed Liabilities", and, collectively with the First Closing Assumed Liabilities, the "Assumed Liabilities". For purposes of this Agreement and the Transferors' obligation of indemnity set forth herein, delivery by the Planet 13 Parties of an "Estoppel Certificate" to the Regulatory Authorities in connection with the Planet 13 Parties application for the Regulatory Approvals shall not be deemed an assumption of the Excluded Liabilities by the Planet 13 Parties.

2.3. Purchase Price. The total aggregate purchase price (collectively, the "Purchase Price") to be paid by Buyer to Seller, in consideration for delivery of the Purchased Assets on the First Closing Date and the Second Closing MRB Assets on the Second Closing Date consists of the following:

(a) the Cash Purchase Price; plus

(b) a certificate representing that number of Planet 13 common shares having a value of Two Million Five Hundred Thousand U.S. Dollars (US$2,500,000) measured on the basis of the volume weighted average trading price of the common shares of Planet 13 for the ten (10) trading days preceding the First Closing Date (the "Consideration Shares").

2.4. Payment and Delivery of Purchase Price.

(a) First Closing Payments. Upon the First Closing Date, Buyer shall cause the following to occur:

(i) Payment of the Cash Purchase Price to Seller minus the sum of (i) the aggregate amount of the Closing Indebtedness set forth on the Pre-Closing Statement and (ii) the aggregate amount of the Transaction Expenses set forth on the Pre-Closing Statement, payable to an account designated in writing by Seller prior to the Closing, in cash by wire transfer of immediately available funds to such accounts and in such amounts as Seller designates in writing to Buyer; and

(ii) Payment of the Closing Indebtedness to the respective lenders as set forth on the Pre-Closing Statement;

(iii) Payment of the Transaction Expenses to the Persons as set forth on the Pre-Closing Statement; and

(iv) A certificate representing that number of Consideration Shares having an aggregate value of Two Million Five Hundred Thousand US Dollars (US$2,500,000.00) as established pursuant to Section 2.3(b) has been issued in the name of Seller and has been deposited with the Escrow Holder to be held pursuant of the terms of the Share Escrow Agreement to be released to Seller on the Second Closing Date or returned to Planet 13 if the Second Closing Date shall not occur as provided in Section 8.2.

(b) On the Second Closing Date, the Escrow Holder shall release to the Seller the certificate representing the Consideration Shares issued in the name of Seller.

(c) Payments. Unless otherwise stated herein, all payments pursuant to this Section 2.4 will be paid by Buyer to Seller, lenders or service providers, as applicable, by wire transfer of immediately available funds to such account(s) designated by Seller, lenders or service providers, as applicable, in writing in advance of the First Closing Date.

(d) Withholding. Buyer and any other applicable withholding agent will be entitled to deduct and withhold from any amounts payable pursuant to or as contemplated by this Agreement any Taxes or other amounts required under the Code or any applicable Law to be deducted and withheld, as a result of the purchase and sale transactions provided for in this Agreement, and to the extent that any amounts are so deducted or withheld, such amounts shall be promptly and timely paid over to such taxing authority and be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

2.5. Transfer Taxes / Stock Transfer Taxes.. Seller will be responsible for the payment of any and all Transfer Taxes associated with the transfer of the Purchased Assets and the MRB Assets and any deficiency, interest or penalty with respect to such Taxes. The Parties will reasonably cooperate with respect to the preparation and filing of all Tax Returns required to be filed in connection with any such Transfer Taxes. Buyer will be responsible for the payment of any and all costs, including, but not limited to, Stock Transfer Taxes, associated with the issuance and transfer of the Consideration Shares, both to Seller and into and out of the Escrow Holder.

2.6. Allocation of Purchase Price. Buyer will propose the allocation of the Purchase Price among the Purchased Assets and the MRB Assets in accordance with Section 1060 of the Code (the "Purchase Price Allocation") which shall allocate not less than $1,100,000 to inventory purchased on the First Closing Date, and will deliver such Purchase Price Allocation to Seller within ninety (90) days after the First Closing Date or as soon as reasonably practicable. The Parties agree to confer and to mutually approve the Purchase Price Allocation and to timely file IRS Form 8594 based upon the Purchase Price Allocation The Parties shall file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with the Purchase Price Allocation, and shall not contend or represent that such allocation is not a correct allocation in any action, arbitration, audit, hearing, investigation, litigation, suit or other proceeding related to the determination of any Tax, except as may otherwise be (i) required pursuant to a final determination within the meaning of Section 1313(a)(1) of the Code or any corresponding provision of state, local or foreign Law or (ii) agreed to by the Parties in writing. Each Party agrees to notify the other if any Governmental Authority proposes to reallocate the Purchase Price.

2.7. Lease; Management Agreement. As of the First Closing Date, Seller will shall enter into the Lease and the Option Agreement with Rx Land, and Buyer and Seller shall enter into the Management Agreement.

2.8. Pre-Closing Statement. At least five Business Days prior to the First Closing Date, Seller shall prepare and deliver to Buyer a statement (the "Pre-Closing Statement") setting forth (i) the amount of Indebtedness of Seller immediately prior to the First Closing Date(collectively, the "Closing Indebtedness") and (ii) the amount of the Transaction Expenses, including a list of the payees and the amounts payable to each.

ARTICLE 3
FIRST AND SECOND CLOSINGS

3.1. First Closing. The first closing of the Transaction, when the ownership of the Purchased Assets is transferred to Buyer as described in Section 2.1 (the "First Closing"), will take place remotely via the electronic exchange of documents and signatures as soon as practicable following the satisfaction or waiver of the applicable conditions set forth in Article 7 and in any event not later than the earlier of: (i) fourteen (14) Business Days thereafter, (ii) July 17, 2020, or (iii) or on such later date as Buyer and Seller may mutually agree upon (the "First Closing Date"). The First Closing will be deemed to have occurred at 12:01 a.m., Pacific Time, on the First Closing Date.

3.2. Second Closing. The second and final closing of the Transaction, when ownership of the Second Closing MRB Assets will be transferred to Buyer as described in Section 2.2 (the "Second Closing"), will take place remotely via the electronic exchange of documents and signatures as soon as practicable following the satisfaction or waiver of the applicable conditions set forth in Article 7 and in any event within 14 days after the receipt of the last of the Regulatory Approvals, or on such other date as Buyer and Seller may mutually agree upon (the "Second Closing Date"). The Second Closing will be deemed to have occurred at 12:01 a.m., Pacific Time, on the Second Closing Date.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER AND W VAPES

Except as set forth on the disclosure schedules delivered by Seller to Buyer on the Effective Date (the "Disclosure Schedules") and subject to the Cannabis Carve Out set forth in Section 10.11 below, Seller represents and warrants to Buyer that the representations and warranties set forth in this Article 4 are true and correct as of the Effective Date and shall be true and correct on the First Closing Date and on the Second Closing Date, as may be applicable. Notwithstanding anything to the contrary provided in this Agreement (in addition to any specific exception to Federal Cannabis Laws and any similar Law set forth in this Article 4), all representations, warranties, covenants and disclosures of Seller in this Article 4 are being made with exception to and not with respect to Federal Cannabis Laws.

4.1. Organization and Authority to Conduct Business; Power and Authority; Binding Effect. Seller is duly organized, validly existing and in good status under the Laws of the State of Nevada. Seller has full limited liability company power and authority to conduct its business and to own and lease its properties and assets (except under Federal Cannabis Laws). Seller has, subject to the Parties obtaining all required Regulatory Approvals relating to the MRB Assets, all necessary power and authority to execute, deliver and perform its obligations under this Agreement and consummate the Transaction (except under Federal Cannabis Laws). This Agreement has been duly executed and delivered by Seller and constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms, except as such enforcement may be limited by Federal Cannabis Laws.

4.2. Consents and Approvals. Subject to the requirements under the Nevada Cannabis Laws, except as set forth on Schedule 4.2 of the Disclosure Schedules, no consent, approval or authorization of, or declaration, filing or registration with, any Person is required to be made or obtained by Seller in connection with the execution, delivery and performance of this Agreement and the consummation of the Transaction or will be necessary to ensure the continuing validity and effectiveness immediately following the First Closing or the Second Closing of any Permit, Assumed Contract and MRB Contract of Seller, as applicable. This Agreement and each other Transaction Document has been duly and validly executed and delivered by Seller and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) constitutes the legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

4.3. No Violation; Consents and Approvals. The execution and delivery by the Seller and W Vape of this Agreement and all other instruments and agreements to be delivered by each such Transferor as contemplated hereby do not and the performance by it of its obligations hereunder and thereunder, do not and will not (a) conflict with or violate any provision of Law applicable to such Transferor or by which any property or asset of such Transferor is bound or affected, (b) conflict with or violate any Order to which such Transferor is subject, (c) require a registration, filing, application, notice, consent, approval, order, qualification, or waiver with, to or from any Governmental Authority or any other Person; (d) except as set forth on Schedule 4.3,require a consent, approval or waiver from, or notice to, any party to any contract to which such Transferor is a party or in a breach of, constitute change of control or a default under, or result in the acceleration of material obligations, loss of benefit or increase in any liabilities or fees under, or create in any party the right to terminate, vest in, cancel or modify, any contract to which such Transferor is a party; or (e) result in the creation of any Encumbrance on any property or asset of such Transferor (including the Purchased Assets) or give any Person the right to prevent, or to cause any delay to, the Transactions contemplated by this Agreement.

4.4. Financial Statements. Schedule 4.4 sets forth copies of (i) the tax basis balance sheet (the "Balance Sheet") each of Seller as of December 31, 2018 and December 31, 2019 (the "Balance Sheet Date") and the related statements of profit and loss for each of the years then ended (collectively, the "Annual Financial Statements"), (ii) the tax basis balance sheets of the Seller as of May 31, 2020 (the "Interim Balance Sheet" and the date of such balance sheet the "Interim Balance Sheet Date") and the related unaudited statements of profit and loss for the three- and one-month periods then ended (collectively, the "Interim Financial Statements" and, together with the Annual Financial Statements,, the "Financial Statements"). The Financial Statements fairly present the financial condition and the results of operations and cash flows of the Seller at the respective dates of and for the periods referred to in such Financial Statements; provided, however, that the Financial Statements are subject to normal and non recurring year-end adjustments (the effect of which will not have Material Adverse Effect). The Financial Statements reflect the consistent application of Seller's accounting practices throughout the periods involved. The parties recognize that some of the Financial Statements include results of operations of a Seller Affiliated Oregon entity, and that the Oregon entity results of operations should not be deemed to include in Financial Statements for purposes of the representation made in this Section 4.4.

4.5. No Undisclosed Liabilities. To the Knowledge of Seller, Seller has no Liabilities except for (i) Liabilities reflected and accrued for or reserved against on the face of the Interim Balance Sheet, (ii) future performance obligations arising under the terms of any executory contracts that are listed on Schedule 4.11 or entered into in the Ordinary Course of Business that are not required to be listed thereon, excluding Liabilities for any breach of any Contract, breach of warranty, tort, infringement or violation of Law, and (iii) Liabilities incurred in the Ordinary Course of Business since the Interim Balance Sheet Date consistent in amount and kind with past practice (none of which results from, arises out of, relates to, is in the nature of or was caused by any breach of Contract, breach of warranty, tort, infringement or violation of Law). Seller does not engage in or maintain any off-balance sheet arrangements (as defined in Item 303 of Regulation S-K of the *United States Securities Act of 1933*, as amended (the "Securities Act").

4.6. Intentionally omitted.

4.7. Title to Assets; Encumbrances. Seller owns good and transferable title to, or in the case of property held under a lease or other contract, a valid and enforceable leasehold interest in or right to use, all of the Purchased Assets, free and clear of any Encumbrances other than Permitted Encumbrances. Schedule 4.7 lists the Tangible Personal Property included on the Interim Financial Statements.

4.8. Absence of Certain Developments. Since the Balance Sheet Date, there has not been any Material Adverse Effect and, no event has occurred or circumstances exist that are reasonably expected to result in a Material Adverse Effect.

4.9. Taxes.

(a) Seller at all times has been treated as a disregarded entity for federal income tax purposes.

(b) All Tax Returns that were required to be filed by or on behalf of Seller and W Vapes, pursuant to applicable requirements of any Governmental Authority, were timely filed or extended, and all such Tax Returns were true, correct and complete and were prepared in substantial compliance with all applicable requirements of the relevant Governmental Authority. The Seller and W Vapes (or its members) have paid all Taxes that have or may have become due to be paid by them for all periods covered by the Tax Returns or otherwise, or pursuant to any assessment received by Seller or W Vapes, except such Taxes, if any, as are being contested in good faith and as to which adequate reserves (determined in accordance with GAAP consistently applied) have been provided in the Balance Sheet and the Interim Balance Sheet. There are no Encumbrances on any of the Assets that arose as a result of any failure (or alleged failure) to pay any Tax.

(c) There are no audits, claims, proceedings or assessments regarding Taxes pending or threatened in writing against Seller or the Business. Seller has received no written notification from any other state that it is subject to income tax in such state.

(d) The Seller has withheld and paid over to the proper Governmental Authority all Taxes required to have been withheld and paid over by Seller with respect to the Business operations, and complied with all information reporting and backup withholding requirements, including maintenance of required records with respect thereto.

(e) The Seller has reserved the required amounts necessary to pay all unemployment Taxes and/or other Taxes due by the Seller based on taxable wages paid by Seller through the First Closing Date, and such amounts have been segregated for later payment to the appropriate Governmental Authorities and all Forms W-2 and 1099 required with respect to employees and independent contractors have been, or will be, properly completed and timely filed.

4.10. Intellectual Property.

(a) To the Knowledge of Seller, the operations of Seller do not infringe, misappropriate or otherwise violate any Intellectual Property owned by any other Person. During the last three years, Seller has not received notice from any Person claiming the operations of Seller infringe, misappropriate or otherwise violate any Intellectual Property of such Person.

(b) Schedule 4.10(b) contains a complete list of all material licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, waivers, releases, permissions and other Contracts, whether written or oral, relating to the Intellectual Property to which Seller is a party, beneficiary or otherwise bound, whether as grantor or grantee, licensor or licensee or in any other capacity ("IP Agreements"). Each IP Agreement is valid and binding and is in full force and effect. No party to an IP Agreement is, or to the Knowledge of Seller is alleged to be, in breach of or default under, or has provided or received any notice of breach of, default under, or intention to terminate (including by non-renewal) any IP Agreement.

4.11. Contracts. (a) Schedule 4.11(a) (arranged in subsections corresponding to the subsections set forth below) contains an accurate and complete list Material Contracts previously disclosed on the Indus Purchase Agreement (the "Indus Disclosed Contracts") which continue to be in effect together with, to the Knowledge of Seller, additional Contracts entered into subsequent to the date of the Indus Purchase Agreement the "Material Contracts"):

(b) Except as set forth on Schedule 4.11(b):

(i) neither the execution and delivery or performance of this Agreement by Seller nor the consummation or performance of the Transaction contemplated hereby will, directly or indirectly (with or without notice or lapse of time) (x) violate or conflict with, or result in a breach of any provision of or forfeiture of any rights under, or require any consent, waiver or approval (not otherwise obtained in connection herewith), or result in a default or give rise to any right of termination, cancellation, modification or acceleration (or an event that, with the giving of notice, the passage of time or otherwise, would constitute a default or give rise to any such right) under, any of the terms, conditions or provisions of such Indus Disclosed Contracts or (y) result in the imposition or creation, pursuant to the terms of such Indus Disclosed Contracts, of any Encumbrance upon or with respect to any of the Purchased Assets;

(ii) to the Knowledge of Seller, the Seller is in compliance in all material respects with the terms and requirements of the Material Contracts;

(iii) to the Knowledge of Seller, each other Person that has or had any obligation or liability under such Material Contract is in material compliance with all terms of such Material Contract;

(iv) to the Knowledge of Seller, no event has occurred or circumstance exists that may contravene, conflict with or result in a breach of, or give Seller or, to the Knowledge of Seller, any other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, such Material Contract; and

(v) Seller has not given to or, to the Knowledge of Seller, received from any other Person any notice regarding (x) any actual or alleged violation or breach of, or default under, such Material Contract or (y) any event or circumstances that would reasonably be expected to constitute or result in a violation, breach or default under such Material Contract;

4.12. Labor Matters.

(a) Schedule 4.12(a) contains a complete and accurate list of the following information for each employee of Seller, including each employee on leave of absence or layoff status, each former employee of Seller receiving benefits under COBRA, and each consultant and independent contractor of Seller: name; job title; classification as exempt or non-exempt; date of hire; current salary and bonus paid or payable; other compensation and fringe benefits that such employee is entitled to receive; sick and vacation leave that is accrued but unused; service credited for purposes of vesting and eligibility to participate in any Benefit Plan; and whether such employee, consultant or independent contractor is engaged directly or through a staffing agency or other third Person. All employees have provided the required documentation and have attested that they are either U.S. citizens or residents specifically authorized to engage in employment in the United States in accordance with all applicable Laws.

(b) Schedule 4.12(b) contains a complete and accurate list of the following information for each retired employee of Seller, and each of their dependents, that as of the First Closing Date is receiving benefits or is scheduled to receive benefits in the future from Seller: name, Benefit Plan benefits, and other benefits.

(c) Seller is not a party to any collective bargaining agreement or collective bargaining relationship with any labor organization. To the Knowledge of Seller, no union, other labor organization or similar entity is engaged in any organizing activity with respect to any employees of Seller and no such organizing activity is threatened. There is not, and in the past five years there has not been, any, (i) unfair labor practice charge or complaint or material labor grievance or labor arbitration pending or, to the Knowledge of Seller, threatened in writing against Seller before the National Labor Relations Board or any Governmental Authority or arbitrator, (ii) except as set forth in Schedule 4.12(c) charge of discrimination or complaint against Seller pending or, to the Knowledge of Seller, threatened, before the Equal Employment Opportunity Commission, U.S. Department of Labor, or any similar Governmental Authority or other federal, local or state agency that enforces Laws related to labor and employment, or (iii) other Proceeding pending, or, to the Knowledge of Seller, threatened, against Seller pertaining to the employment of labor, including those relating to wages, hours, collective bargaining, employment discrimination, sexual harassment, workers' compensation, and the payment or withholding of Taxes.

(d) To the Knowledge of Seller, Seller is, and during the past three years has been, in material compliance with all Laws and other applicable requirements of Governmental Authorities relating to employment, employment practices, terms and conditions of employment, equal employment opportunity, nondiscrimination, immigration, wages, overtime, classification, temporary workers, independent contractors, leave, hours, benefits, worker's compensation, labor relations, plant closings or layoffs, the payment of social security and similar Taxes and occupational safety and health Laws ("Labor and Employment Legal Requirements"). To the Knowledge of Seller, Seller is not liable for any outstanding payments of any Taxes, fines, penalties or other amounts, however designated, for failure to comply with any of the foregoing requirements. To the Knowledge of Seller, no employee, consultant or independent contractor has been misclassified with respect to application of any Labor and Employment Legal Requirements. Seller has not implemented any plant closing or mass layoff of employees as those terms are defined in the Worker Adjustment Retraining and Notification Act of 1988 Act or any similar Law. To the Knowledge of Seller, there is no, and during the prior three years has not been, any Proceeding or Order pending or, to the Knowledge of Seller, threatened by or against Seller alleging any violation of or failure to comply with Labor and Employment Legal Requirements, and no event has occurred, and no circumstance exists, that would reasonably be expected to give rise to or serve as a basis for the commencement of any such Proceeding or Order against Seller.

4.13. Employee Benefits. Seller does not and has never been required to operate a Benefit Plan.

4.14. Litigation. There is no, and during the prior five years there has not been, any Proceeding or Order pending or, to the Knowledge of Seller, threatened by or against Seller or that otherwise directly pertains to the Business or any of the Purchased Assets. To the Knowledge of Seller, no event has occurred or circumstance exists that would reasonably be expected to give rise to or serve as a basis for the commencement of any Proceeding or Order against Seller.

4.15. Compliance with Laws; Permits.

(a) Except as set forth on Schedule 4.15(a):

(i) Seller has not received, at any time in the last five years, any notice or communication from any Governmental Authority or any other Person regarding (x) any actual, alleged, possible or potential violation of, or failure to comply with, any Law or (y) any actual, alleged, possible or potential obligation on the part of Seller to undertake, or to bear all or any portion of the cost of, any remedial action of any nature; and

(ii) Seller is not now and has not during the last five years been bound by an Order of any Governmental Authority.

(b) Neither Seller, nor to the Knowledge of Seller, any director, manager, officer, employee, agent or other Person acting on behalf of Seller has, directly or indirectly, (i) used any funds of any Transferor for unlawful contributions, unlawful gifts, unlawful entertainment or other unlawful expense relating to political activity; (ii) made any unlawful payment or gift, promise to pay, or authorization of any payment or gift of anything of value to foreign or domestic governmental officials or employees or to foreign or domestic political parties or campaigns; (iii) violated or is in violation of the Foreign Corrupt Practices Act of 1977, as amended, or any other applicable Law that relates to bribery or corruption; (iv) established or maintained any unlawful fund of monies or other assets of Seller; (v) made any fraudulent entry on the books or records of a Transferor; or (vi) made any unlawful bribe, unlawful kickback or other unlawful payment to any person, private or public, regardless of form, whether in money, property or services, to obtain favorable treatment in securing business to obtain special concessions for a Transferor.

4.16. Privacy and Data Security. To the Knowledge of Seller, Seller is in compliance with all applicable Laws relating to Personal Data and any terms of Contracts to which it is a party relating to Personal Data, data privacy, security or breach notification. To the Knowledge of Seller, Seller has established and implemented policies, programs and procedures as required by applicable Laws or otherwise necessary and appropriate, including administrative, technical and physical safeguards, to protect the confidentiality, integrity and security of Personal Data in its possession, custody or control against unauthorized access, use, modification, disclosure or other misuse. To the Knowledge of Seller, in the past three years Seller has not experienced any unauthorized access, disclosure, use or breach of security of any Personal Data in its possession, custody or control, or otherwise held or processed on its behalf or received any written claim, complaint, inquiry, or request for information from any Governmental Body related to Seller's collection, processing, use, storage, security, and/or disclosure of Personal Data.

4.17. Environmental Matters. Except as set forth in Schedule 4.17, (a) to the Knowledge of Seller, Seller is in compliance with all applicable Environmental Laws, including the possession of all Permits required under Environmental Laws and compliance with such Permits; (b) to the Knowledge of Seller, no Hazardous Materials related to Seller's operation of the Business are present in or under the land, ground water and surface water at the Real Property; and (c) to the Knowledge of Seller, Seller has not received any written notice of any actual or alleged noncompliance with or Liability under any Environmental Law or Permit. Seller has provided to Buyer complete copies of all environmental audits, reports and other documents relating to Environmental Liabilities within Sellers' actual possession relating to the Business or the Purchased Assets.

4.18. Insurance. Schedule 4.18 contains a complete and correct list of all insurance policies maintained by the Seller (specifying the insurer, policy number, amount of and nature of coverage, the risk insured against, the deductible amount (if any) and the date through which coverage will continue by virtue of premiums already paid). All such insurance policies are in full force and effect, all premiums owed thereunder have been paid and Seller is not in default regarding its obligations under any of such insurance policies. To the Knowledge of Seller, Seller has not failed to give any notice or present any claim under any insurance policy in a timely fashion or in the manner required by such insurance policies. Except for workers' compensation insurance claims incurred in the Ordinary Course of Business, Schedule 4.18(a) contains a list of all pending claims under such insurance policies, any instances in the past five years of a denial or limitation of coverage or claim by Seller under any such policy, and all claims paid by the insurers of such policies during the last five years. There is no claim by Seller pending under any such insurance policies as to which coverage has been questioned, denied or disputed by the relevant insurer.

4.19. Brokers. The Transferors have not entered into any agreement, arrangement or understanding with any Person which will result in the obligation to pay any finder's fee, brokerage commission or similar payment in connection with the Transaction.

4.20. W Vapes and Coffman Representations and Warranties. W Vapes and Coffman jointly and severally represent and warrant to Buyer that the representations and warranties set forth in this Section 4.20 are true and correct as of the Effective Date.

(a) W Vapes Organization and Authority to Conduct Business. W Vapes is duly organized, validly existing and in good status under the Laws of the State of Delaware. W Vapes has full limited Liability company power and authority to conduct its business and to own and lease its properties and assets (except under Federal Cannabis Laws).

(b) W Vapes Power and Authority; Binding Effect. W Vapes has all necessary power and authority and has taken all action necessary to authorize, execute and deliver this Agreement, to consummate the Transaction, and to perform its obligations under this Agreement. This Agreement has been duly executed and delivered by W Vapes and constitutes a legal, valid and binding obligation of W Vapes enforceable against W Vapes in accordance with its terms, except as such enforcement may be limited by Federal Cannabis Laws.

(c) Ownership of Seller. W Vapes is the beneficial owner of Seller.

(d) W Vapes No Conflict or Violation. The execution and delivery of this Agreement, the consummation of the Transaction, and the fulfillment of the terms of this Agreement, do not and will not result in or constitute (a) a violation of or conflict with any provision of the organizational or other governing documents of W Vapes, (b) a violation by W Vapes of any statute, rule, regulation, ordinance, by-law, code, order, judgment, writ, injunction, decree or award applicable to W Vapes which could result in a penalty or a loss of privilege or (c) an imposition of any Encumbrance (other than a Permitted Encumbrance) on the assets of W Vapes.

(e) W Vapes Consents and Approvals. Except as set forth on Schedule 4.2, no consent, approval or authorization of, or declaration, filing or registration with, any Person is required to be made or obtained by W Vapes or Coffman in connection with the execution, delivery and performance of this Agreement and the consummation of the Transaction other than from the Regulatory Authorities in connection with the Second Closing.

4.21. Securities Matters. The Transferors jointly and severally represent and warrant to Buyer that the representations, warranties and acknowledgments set forth in this Section 4.21 are true and correct as of the Effective Date.

(i) No Prior Holdings; Acquisition for Investment. No Transferor is the registered or beneficial holder of any securities of Planet 13. The Transferors acknowledge they will be acquiring the Consideration Shares issuable pursuant to this Agreement for investment for their own account and not as nominees or agents, and not with a view to the resale or distribution of any part thereof, and further represent that they have no present intention of selling, granting any participation in, or otherwise distributing the same. The Transferors further represent that they do not have any Contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Consideration Shares. The Transferors understand that any Consideration Share issuable hereunder will not be registered under the Securities Act, on the ground that the sale and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(a)(2) thereof, and that Planet 13's reliance on such exemption is predicated on the Transferors' representation set forth herein, including the Transferors' completion and execution of the Questionnaire. The Transferors further understand that any Consideration Share issuable hereunder will constitute a distribution of securities that is exempt from the prospectus requirement of applicable Canadian Securities Laws.

(ii) Investment Experience. Each Transferor acknowledges that it can bear the economic risk of the investment, and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Consideration Shares. Each Transferor (x) is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act (as amended by Section 413(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act), and has duly completed and executed the Questionnaire, in the form attached hereto as Exhibit H (the" Questionnaire"), and (y) agrees that it will not take any action that could negatively impact the availability of the exemption from registration provided by Section 4(a)(2) of the Securities Act with respect to the sale and the issuance of securities hereunder.

(iii) Information. The Transferors have carefully reviewed such information as they have deemed necessary with respect to the Consideration Shares. The Consideration Shares shall be subject to a hold period of four months and a day commencing not later than five Business Days after the First Closing Date under Canadian Securities Laws (depending upon the actual effective date of the issuance of the Certificate), and shall not be registered under Securities Act, and may not be offered or sold within the United States absent registration under United States federal and state securities laws or an applicable exemption from such United States registration requirements. To the Transferors' full satisfaction, each Transferor has been furnished all materials requested by such Transferor relating to Planet 13, and the issuance of Consideration Shares hereunder, and each Transferor has been afforded the opportunity to ask questions of representatives of Planet 13, to obtain any information necessary to verify the accuracy of any representations or information made or given to such Transferor.

(iv) Restricted Securities. The Transferors understand that the Consideration Shares issuable pursuant to this Agreement may not be sold, transferred, or otherwise disposed of without registration under the Securities Act and applicable state and federal securities laws or an exemption therefrom, and that in the absence of an effective registration statement covering the Consideration Shares or any available exemption from registration under the Securities Act and applicable state and federal securities laws, the Consideration Shares must be held indefinitely. Without limitation of the foregoing, each of the Purchased Assets (excluding the MRB Inventory) and MRB Assets sold to the Buyer hereunder by Seller have a fair value of not less than CDN$150,000 and each Transferor understands that the Consideration Shares may not be resold under applicable Canadian Securities Laws before the date that is four (4) months plus one (1) day following the First Closing Date (subject to release of the Consideration Shares to the Seller pursuant to the Share Escrow Agreement (the "**Stock Release**")), is aware that the certificate which it shall receive evidencing the Consideration Shares will bear a legend with respect to the resale restrictions under applicable Canadian Securities Laws in substantially the following form:

> UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND ONE DAY AFTER THE FIRST CLOSING DATE.

and, understands that after the date that is four (4) months plus one (1) day following the First Closing Date, subject to the occurrence of the Stock Release, the Consideration Shares may be resold under applicable Canadian Securities Laws in each Province and Territory of Canada, provided: (i) the trade is not a "control distribution" as defined in National Instrument 45-102 – *Resale of Securities*; (ii) no unusual effort is made to prepare the market or create a demand for the Consideration Shares; (iii) no extraordinary commission or consideration is paid in respect of such trade; and (iv) if the selling securityholder is an "insider" or "officer" of Planet 13 (as such terms are defined by applicable Canadian Securities Laws), the insider or officer has no reasonable grounds to believe that Planet 13 is in default of applicable Canadian Securities Laws. Unless registered under the Securities Act and applicable state securities laws, the certificate representing the Consideration Shares shall also bear a legend in 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 "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, EXCHANGED, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO OR FOR THE BENEFIT OF ANY NATIONAL, CITIZEN OR RESIDENT OF THE UNITED STATES, ANY CORPORATION, PARTNERSHIP OR OTHER ENTITY CREATED OR ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES, EXCEPT: (A) TO THE ISSUER, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS, (C) IN COMPLIANCE WITH (1) RULE 144 OR (2) RULE 144A UNDER THE SECURITIES ACT AND WITH APPLICABLE STATE SECURITIES LAWS, (D) IN CONNECTION WITH ANOTHER EXEMPTION UNDER THE SECURITIES ACT, OR (E) WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER, UPON THE ISSUER RECEIVING, IN THE CASE OF CLAUSES (C)(1) AND (D) ABOVE, AN OPINION OF COUNSEL FOR THE HOLDER, STATING THAT SUCH SALE, TRANSFER, ASSIGNMENT OR HYPOTHECATION IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

Notwithstanding the foregoing, (i) at any time Planet 13 or its successor company is a "foreign issuer", as defined in Rule 902(e) of Regulation S of the Securities Act, if such securities are being sold in accordance with the requirements of Rule 904 of Regulation S of the Securities Act, as referred to above, and in compliance with local Laws and regulations, the legend may be removed by providing a declaration to the Planet 13's transfer agent for such securities, in the form as may be prescribed by Planet 13 or its successor company from time to time, together with any other evidence, which may include an opinion of counsel of recognized standing reasonably satisfactory to Planet 13 or its successor company to the effect that such legend is no longer required under applicable requirements of the Securities Act, required by Planet 13 or its successor company or such transfer agent; and (ii) if any such securities are being sold pursuant to Rule 144 under the Securities Act, the legend may be removed by delivery to the registrar and transfer agent for such securities of an opinion of counsel of recognized standing reasonably satisfactory to Planet 13 or its successor company to the effect that such legend is no longer required under applicable requirements of the Securities Act or applicable state securities laws.

The Seller is acquiring the Consideration Shares as principal for its own account and not with a view toward, or for sale in connection with, any distribution thereof, or with any present intention of distributing or selling the Consideration Shares in any Province or Territory of Canada. The Seller is an "accredited investor" as defined in National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators and is able to bear the economic risk of an investment in the Consideration Shares.

The Transferors acknowledge that Planet 13 may be required to file a report with the Canadian securities regulatory authorities containing personal information about Coffman and the other beneficial owners of Seller and W Vapes, including their full names, addresses and telephone numbers, the number and type of securities purchased, the total purchase price paid for the securities, the date of the closing and the exemption relied upon under applicable Canadian Securities Laws.

(v) Rule 144. Transferors understand and acknowledge that (i) if Planet 13 or any successor company is deemed 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, other than a Capital Pool Company (as such term is defined in the TSXV Corporate Finance Manual), Rule 144 under the Securities Act may not be available for resales of the Consideration Shares and (ii) Planet 13 is not obligated to make Rule 144 under the Securities Act available for resales of such Consideration Shares.

(vi) No Registration Statement. Transferors understand and acknowledge that Planet 13 has no obligation or present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of the Consideration Shares in the United States.

(vii) Foreign Issuer. Transferors understand and acknowledge that Planet 13 or any successor company (i) is not obligated to remain a "foreign issuer" within the meaning of Rule 902(e) of Regulation S of the Securities Act, (ii) may not, at the time the Consideration Shares are resold by it or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions which could cause Planet 13 or any successor company not to be a foreign issuer, and if Planet 13 or any successor company is not a foreign issuer at the time of sale or transfer of the Consideration Shares pursuant to Rule 904 of Regulation S of the Securities Act, the certificate representing the Consideration Shares may continue to bear the legend described above.

(viii) Financial Statements. Each Transferor understands and acknowledges that the financial statements of Planet 13 have been prepared in accordance with International Financial Reporting Standards, 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.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER

Each of Buyer and Planet 13 represents and warrants to Transferors that each of the representations and warranties set forth in this Article 5 are true and correct as of the Effective Date and shall be true and correct on the First Closing Date and on the Second Closing Date. Notwithstanding anything to the contrary provided in this Agreement (in addition to any specific exception to Federal Cannabis Laws and any similar Law set forth in this Article 5), all representations, warranties, covenants and disclosures of Buyer and Planet 13 in this Article 5 are being made with exception to and not with respect to Federal Cannabis Laws.

5.1. Organization and Good Standing. Buyer is a corporation, duly organized, validly existing and in good standing under the Laws of the State of Nevada. Buyer has full corporate power and authority to conduct its business and to own and lease its properties and assets (except under Federal Cannabis Laws). Planet 13 Holdings Inc is a corporation duly organized, validly existing and in good standing under the *Business Corporations Act* (British Columbia). Planet 13 has full corporate power and authority to conduct its business and to own and lease its properties and assets (except under Federal Cannabis Laws).

5.2. Authority; Authorization; Binding Effect. Each of Buyer and Planet 13 have all necessary power and authority to execute and deliver this Agreement and to consummate the Transaction and to perform its obligations under this Agreement (except under Federal Cannabis Laws). This Agreement has been duly executed and delivered by Buyer and Planet 13 and constitutes a legal, valid and binding obligation of Buyer and Planet 13 respectively, enforceable against Buyer and Planet 13 in accordance with its terms, except as such enforcement may be limited by Federal Cannabis Laws.

5.3. Consents and Approvals. Subject to the requirements under the Nevada Cannabis Laws, and applicable Canadian Securities Laws and U.S. securities laws filings and Canadian Securities Exchange requirements, and except as set forth on Schedule 5.3 of the Disclosure Schedules, no consent, approval or authorization of, or declaration, filing or registration with, any Person is required to be made or obtained by Buyer or Planet 13 in connection with the execution, delivery and performance of this Agreement and the consummation of the Transaction.

5.4. No Brokers. The Planet 13 Parties have not entered into any agreement, arrangement or understanding with any Person which will result in the obligation to pay any finder's fee, brokerage commission or similar payment in connection with the Transaction.

ARTICLE 6
PRE-CLOSING COVENANTS

6.1. Reasonable Best Efforts. During the period from the Effective Date and continuing until the earlier of the termination of this Agreement or the Second Closing Date:

(a) Each Party will cooperate with the other Party and use its commercially reasonable efforts to promptly (i) take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable under this Agreement and the ancillary documents referenced in this Agreement and applicable Law to consummate and make effective the Transaction as soon as practicable, including preparing and filing promptly and fully all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents, (ii) obtain all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any third party and/or Governmental Authority necessary, proper or advisable to consummate the Transaction, and (iii) execute and deliver such documents, certificates and other papers as a Party may reasonably request to evidence the other Party's satisfaction of its obligations hereunder. Subject to applicable Law relating to the exchange of information and in addition to Section 6.1(b), the Parties will have the right to review in advance, and, to the extent practicable, each will consult the other Party on, any information relating to Seller or Buyer and their respective Affiliates, as the case may be, that appears in any filing made with, or written materials submitted to, any third party and/or any Governmental Authority in connection with the Transaction.

(b) Without limiting the forgoing Section 6.1(a), the Parties will: (i) cooperate with one another promptly to determine whether any filings are required to be or should be made or consents, approvals, permits or authorizations are required to be or should be obtained under any applicable Law, and (ii) in promptly making any such filings, furnishing information required in connection therewith and seeking to obtain timely any such consents, permits, authorizations or approvals.

(c) Without limiting Section 6.1(a), Seller shall not voluntarily mortgage, pledge, or subject to any lien any of the Purchased Assets or MRB Assets. Transferors hereby undertake and agree that until the earlier of Second Closing Date or the valid termination of this Agreement, neither Transferor or their respective affiliates shall, and shall cause their respective officers, owners, directors, employees, investment bankers, attorneys, accountants, financial advisors, agents and other representatives (collectively, "Representatives") not to, directly or indirectly:

(i) Initiate, solicit, encourage or knowingly facilitate or induce the submission of any inquiries, proposals or offers that constitute, or may reasonably be expected to lead to, any "Alternative Transaction" (defined as a proposal with respect to the purchase of the Purchased Assets, any equity in the owner of such assets, or a merger, exchange, recapitalization, reorganization, or other transaction resulting in a change of control of the subsidiaries which own the Purchased Assets.

(ii) Engage or participate in any discussions or negotiations regarding, or provide or cause to be provided any non-public information or data relating to the Business or the Purchased Assets or have any discussions with any person relating to, an actual or proposed Alternative Transaction; or

(iii) Enter into any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar statement of intention or agreement relating to any Alternative Transaction.

(d) Each Party will keep the other Party reasonably apprised of the status of matters relating to the completion of the Transaction and work cooperatively in connection with obtaining all required approvals or consents of any Governmental Authority. In that regard, each Party will without limitation: (i) promptly notify the other Parties of, and if in writing, furnish the other Party with copies of (or, in the case of material oral communications, advise the other Party orally of) any communications from or with any Governmental Authority with respect to the Transaction, (ii) permit the other Party to review and discuss in advance, and consider in good faith the views of the other Party in connection with,

any proposed written (or any material proposed oral) communication with any such Governmental Authority, (iii) not participate in any meeting with any such Governmental Authority unless it consults with the other Party in advance and, to the extent permitted by such Governmental Authority, gives the other the opportunity to attend and participate, (iv) furnish the other Party with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and any such Governmental Authority with respect to this Agreement, any ancillary documents and the Transaction, and (v) furnish the other Party with such necessary information and reasonable assistance as the other Party may reasonably request in connection with its preparation of necessary filings or submissions of information to any such Governmental Authority. Notwithstanding the foregoing, Seller shall not be required to disclose any information it reasonably believes is subject to any applicable privilege or obligations of confidentiality.

(e) Seller shall not amend any Assumed Contracts or enter into any new Contracts or other agreements with any third party related to the Purchased Assets or MRB Assets without giving Buyer the opportunity to review such amendments, Contracts or other agreements and receiving the consent of Buyer, which consent shall not be unreasonably, withheld, conditioned or delayed.

6.2. Intentionally Omitted.

6.3. Confidentiality and Publicity. The Parties to this Agreement acknowledge, covenant and

agree that each Party and such Party's Representatives and Affiliates will keep all information relating to the Parties confidential, and no Party, its Representatives or Affiliates will disclose or allow to be disclosed any confidential information with respect to the other Party, directly or indirectly, to any third party without the prior written approval of all Parties, except where the information is already generally available to the public through no act of a Party or where a Party is required by any applicable Law to disclose confidential information (and then prior notice of such disclosure shall be given to the other Parties). Notwithstanding the foregoing, the Mutual Non-Disclosure Agreement between the Parties dated June 12, 2020, shall also continue in effect.

6.4. Access. During the period from the Effective Date and continuing until the earlier of the
termination of this Agreement or the First Closing Date, Seller will permit Representatives of Buyer (including legal counsel and accountants) to have, upon prior written notice, reasonable access during normal business hours and under reasonable circumstances, and in a manner so as not to interfere with the normal business operations of Seller, to the premises, personnel, books, records (including Tax records (but excluding income Tax Returns of any federal consolidated (and state combined or unitary) group of which Seller is a member and limited with respect to all other Tax Returns and correspondence with accountants to the portions of such Tax Returns and correspondence with accountants that specifically relate to Seller)), material Contracts, Permits and documents of or pertaining to the Business, subject to applicable Laws and security procedures of Seller and the Company. Neither Buyer, Planet 13, nor any of their Representatives will contact any employee, customer, supplier or landlord of Seller without the prior approval of Seller prior to the First Closing Date.

6.5. Notification of Certain Matters. During the period from the Effective Date and continuing
until the earlier of the termination of this Agreement or the Second Closing Date, except as prohibited by applicable Law, each Party will give prompt notice to the other Parties of (a) the occurrence or nonoccurrence of any event the occurrence or non-occurrence of which would be likely to cause any representation or warranty of such Party contained in this Agreement to be untrue or inaccurate in any material respect at or prior to the First Closing or Second Closing such that the conditions set forth in Section 7.2(a), Section 7.2(o) or Section 7.3(a) would not be satisfied, and (b) any material failure of such Party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by

such Party hereunder such that the conditions set forth in Section 7.2(e), 7.2(p) or Section 7.3(b) would not be satisfied.

6.6. Applications for Regulatory Approval. Promptly following the First Closing, Buyer will prepare, and Buyer and Seller will submit the applicable Applications with the Regulatory Authorities in order to obtain the consent and approval of the Regulatory Authorities for the transfer or substitution of Buyer as the owner of the MRB Licenses. Seller will cooperate in good faith with Buyer and take all actions necessary to support the timely submission of the Applications. Buyer and Seller agree to execute and deliver any forms required by the Regulatory Authorities for the transfer or substitution of Buyer as the owner of the MRB Licenses. Buyer and Seller shall promptly respond to requests for additional information, documents, forms or fees from any Regulatory Authorities with jurisdiction to approve the transfer or substitution of Buyer as owner of the MRB Licenses. Seller's obligation to seek the Regulatory Approvals will be an ongoing post-First Closing covenant until successful completion thereof and the Second Closing occurs. Notwithstanding the foregoing, in no event shall Seller be obligated to incur any costs, including, but not limited to, any filing fees with respect to the foregoing activities.

6.7. Disclosure Schedules. Between the Effective Date and the First Closing Date, Transferors shall use Transferors' reasonable best efforts to promptly correct and supplement the information set forth on the Disclosure Schedules delivered by Transferors pursuant to this Agreement in order to cause such Disclosure Schedule to remain correct and complete in all respects. Transferors' delivery to the Planet 13 Parties of any corrections or supplements shall, without further notice or action on the part of Transferors or Buyer, immediately and automatically constitute an amendment to the Disclosure Schedule to which such corrections and supplements relate; provided, however, that solely for purposes of determining whether the condition precedent pursuant to Section 7.3.(a) has been satisfied, or whether Buyer has the right to terminate this Agreement pursuant to Section 8.1), any such amendment to the Disclosure Schedule shall be disregarded.

(a) The information in the Disclosure Schedules constitutes: (i) exceptions to particular representations, warranties, covenants and obligations of Transferors as set forth in this Agreement; or (ii) descriptions or lists of assets and other items referred to in this Agreement. If there is any inconsistency between the statements in this Agreement and those in the Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedule with respect to a specifically identified representation or warranty), the statements in the Disclosure Schedules shall control.

(b) The Disclosure Schedules shall be deemed to be a part of this Agreement and are fully incorporated into this Agreement by reference. Any capitalized terms used in the Disclosure Schedules but not otherwise defined therein shall have the meanings ascribed to such terms in this Agreement. The inclusion of any item referenced in one section or subsection of the Disclosure Schedules shall be deemed to refer to (a) the corresponding section or subsection of this Agreement and (b) any other section or subsection of the Disclosure Schedules (and accordingly to the applicable sections or subsections of this Agreement), whether or not an explicit cross-reference appears, if the applicability of such item to the other section or subsection is reasonably apparent on the face of such disclosure

ARTICLE 7

CONDITIONS TO FIRST CLOSING AND SECOND CLOSING

7.1 Conditions to Obligations of Each Party Under This Agreement. The respective obligations of each Party to effect the Transaction will be subject to the satisfaction at or prior to the First Closing Date and/or the Second Closing Date, as applicable, of the following conditions, any or all of which may be waived in writing by a Party with respect only to itself, in whole or in part, to the extent permitted by applicable Law:

(a) Proceedings.

(i) No Governmental Authority of competent jurisdiction will have enacted, issued, promulgated, enforced or entered, other than the Federal Cannabis Laws, any statute, rule, regulation, or Order (whether temporary, preliminary or permanent) that is in effect and has the effect of making the Transaction illegal or otherwise prohibiting consummation of the Transaction.

(ii) No Proceeding will have been commenced against any Party which could reasonably prevent the First Closing or Second Closing to occur (either by way of injunction or other legal remedy).

(iii) There will be no other legal impediment to the First Closing or Second Closing, except for the existence of the Federal Cannabis Laws.

(iv) There will be no Nevada-state or local mandated closure of the cannabis dispensaries located in Las Vegas, Nevada.

(v) The Excluded Management Agreement will be terminated on terms acceptable to Seller.

7.2. Additional Conditions to Obligations of Buyer. The obligations of Buyer to effect the Transaction are subject to satisfaction of the following additional conditions, any or all of which may be waived in writing by Buyer, in whole or in part, to the extent permitted by applicable Law:

(a) Representations and Warranties. The representations and warranties of Seller set forth in this Agreement will be true and correct in all material respects (giving effect to the applicable exceptions set forth in the Disclosure Schedules but without giving effect to any limitation as to "materiality") as of the First Closing Date and Second Closing Date, as if made as of such time (except to the extent that such representations and warranties expressly speak as of another date, in which case such representations and warranties will be true and correct as of such date). Buyer will have received a certificate signed on behalf of Seller to such effect.

(b) Title to Purchased Assets and MRB Assets. As of the First Closing Date Seller shall have good and valid title to, or a valid leasehold in, all of the Purchased Assets (except for the Second Closing MRB Assets), free and clear of all Encumbrances except for Permitted Encumbrances. With respect to the Second Closing, subject to the Nevada Cannabis Laws and satisfaction of all other conditions precedent hereunder to transfer of the Second Closing MRB Assets to Buyer on the Second Closing Date, Seller shall have on or before the Second Closing Date, good and valid title to, or a valid leasehold in, all of the Second Closing MRB Assets, free and clear of all Encumbrances, other than Permitted Encumbrances and the full and unrestricted power to sell, assign, transfer and deliver the Second Closing MRB Assets pursuant to the terms of this Agreement.

(c) Organization and Authority of Seller to Conduct Business. As of the First Closing Date, Seller shall be duly organized, validly existing and in good status under the Laws of the State of Nevada. Seller shall have full limited liability company power and authority to conduct the Business and to own and lease its properties and assets (except under Federal Cannabis Laws).

(d) Good Standing. Seller shall have delivered to Buyer a certificate of the secretary or an officer of Seller, in form and substance reasonably satisfactory to Buyer, certifying as to (i) the certificate of formation of Seller, as amended, certified by the Secretary of State of the State of Nevada, as of a recent date, and stating that no amendment has been made to such articles since such date; (ii) its

operating agreement or equivalent; (iii) the resolutions or authority of its respective members and/or managers authorizing the execution and performance of the Transaction Documents and the transactions contemplated thereby; (iv) a certificate of good standing, as of a recent date, certified by the Secretary of State of the State of Nevada, and (v) incumbency and signatures of its respective officers executing the Transaction Documents.

(e) MRB Licenses. As of the First Closing Date and the Second Closing Date, the MRB Licenses shall constitute all Permits used in the operation of and necessary to conduct the Business and all MRB Licenses shall be valid and in full force and effect with no Proceeding pending or, to the Knowledge of Seller, threatened to revoke or limit any of the MRB Licenses.

(f) Agreements and Covenants. Transferors shall have performed and complied with all of their covenants hereunder in all material respects through the First Closing Date and the Second Closing Date, respectively, and Buyer will have received a certificate signed on behalf of Seller to such effect.

(g) Documents. As of the First Closing Date, the Management Agreement and all of the documents, instruments and agreements to be executed and/or delivered pursuant to this Agreement at the First Closing, including the First Closing Documents and such other customary instruments of transfer, assumption, filings, assignments or other documents, in form and substance reasonably satisfactory to Buyer and Seller, will have been executed by the Parties thereto other than Buyer and delivered to Buyer. As of the Second Closing Date, all of the Second Closing Date Documents, to be executed and/or delivered pursuant to this Agreement, in form and substance reasonably satisfactory to Buyer and Seller, will have been executed by the Parties thereto other than Buyer and delivered to Buyer.

(h) UCC Release/Payoffs Required at First Closing. Seller shall have delivered to Buyer releases or pay-off letters from the applicable lenders with respect to all outstanding Closing Indebtedness of Seller and evidence satisfactory to Buyer that all Encumbrances affecting Seller or the Purchased Assets will be released upon the consummation of the First Closing (including, where applicable, UCC termination statements authorized to be filed by Buyer upon the consummation of the Closing);

(i) Designation of Point of Contact. As of the First Closing Date, Buyer shall have the right to designate an individual to serve as the new point of contact to manage all communications with the Regulatory Authorities regarding the MRB Licenses, and Seller shall take all necessary steps to ensure that the individual designated by Buyer is listed as the point of contact with the Regulatory Authorities for the MRB Licenses.

(j) Consents and Approvals. As of the First Closing Date and the Second Closing Date, as applicable, Seller will have received all of the consents and approvals set out in Schedule 4.2 of the Disclosure Schedules, on terms satisfactory to Buyer and Seller in their reasonable discretion.

(k) Material Adverse Change. As of the First Closing Date, there shall have occurred no Material Adverse Effect between the Effective Date and the First Closing Date.

(l) Lease and Option Agreement. As of the First Closing Date, Rx Land shall have acquired the Leased Premises, and Seller and Rx Land shall have entered into the Lease and the Option Agreement.

(m) Regulatory Confirmation. With respect to the First Closing only, Buyer shall have received assurances reasonably satisfactory to Buyer that the MRB Licenses are, subject to approval from the Regulatory Authorities, transferable to Buyer under the Nevada Cannabis Laws.

(n) Regulatory Approvals. With respect to the Second Closing only, Buyer and Seller shall have received the Regulatory Approvals. Any waiver of the closing condition set forth in this Section 7.2(n) as to any individual MRB Licenses will not result in a reduction in the Purchase Price.

(o) Destruction of Excluded MRB Inventory. On or prior to the First Closing, Indus shall have destroyed or sold as the case may be, the Excluded Inventory in compliance with Nevada Cannabis Laws.

7.3. Additional Conditions to Obligations of Transferors. The obligations of Transferors to effect the Transaction are subject to satisfaction of the following additional conditions, any or all of which may be waived in writing by Transferors, in whole or in part, to the extent permitted by applicable Law:

(a) Representations and Warranties. The representations and warranties of the Planet 13 Parties set forth in this Agreement will be true and correct in all material respects (without giving effect to any limitation as to "materiality") as of the First Closing Date and the Second Closing Date, as if made as of such time (except to the extent that such representations and warranties expressly speak as of another date, in which case such representations and warranties will be true and correct as of such date). Transferors will have received a certificate signed on behalf of the Planet 13 Parties to such effect.

(b) Agreements and Covenants. The Planet 13 Parties will have performed and complied with all of their covenants hereunder in all material respects through the First Closing Date and the Second Closing Date. Transferors will have received a certificate signed on behalf of Planet 13 Parties to such effect.

(c) Documents. As of the First Closing Date, the Management Agreement and all of the documents, instruments and agreements to be executed and/or delivered at the First Closing pursuant to this Agreement, including the First Closing Documents and such other customary instruments of transfer, assumption, filings, assignments or other documents, in form and substance reasonably satisfactory to Seller, will have been executed by the parties thereto other than Seller and delivered to Seller. As of the Second Closing Date, all of the Second Closing Date Documents, instruments and agreements to be executed and/or delivered pursuant to this Agreement, including customary instruments of transfer, assumption, filings, assignments or other documents, in form and substance reasonably satisfactory to Seller, will have been executed by the parties thereto other than Seller and delivered to Seller.

(d) Consents and Approvals. As of the First Closing Date and the Second Closing Date, as applicable, Seller will have received all of the consents and approvals set out in Schedule 4.2 of the Disclosure Schedules, on terms satisfactory to Buyer and Seller in their reasonable discretion.

(e) Regulatory Approvals. With respect to the Second Closing only, Buyer and Seller shall have received the Regulatory Approvals. Any waiver of the closing condition set forth in this Section 7.3(e) as to any individual MRB Licenses will not result in a reduction in the Purchase Price.

(f) Termination of Indus Transaction. Transferors shall have terminated (i) their obligation to sell the Purchased Assets and the MRB Assets to Indus and its Affiliates (the "Prior APA"), (ii) the current lease between Seller and Indus, and (iii) the Excluded Management Agreement, on terms acceptable to Transferors.

ARTICLE 8

TERMINATION

8.1. Termination Prior to First Closing Date.

(a) This Agreement may be terminated and the Transaction may be abandoned at any time prior to the First Closing Date:

(i) By mutual written consent of Buyer and Seller;

(ii) By either Buyer or Seller if:

(A) the First Closing Date has not occurred on or before August 31, 2020 or another date mutually agreed to in writing by Buyer and Seller; provided, that the right to terminate this Agreement under this Section 8.1(a)(ii)(A) will not be available to any Party whose failure to fulfill any material obligation under this Agreement has been the cause of the failure of the First Closing Date to have occurred on or before such date;

(B) a Governmental Authority shall have issued an Order or taken any other action (excluding any Order or action arising under, relating to or in connection with the Federal Cannabis Laws), in each case that has become final and non-appealable and that restrains, enjoins or otherwise prohibits the Transaction or any part of it; provided that this Agreement shall not be terminated unless the Party terminating this Agreement has utilized commercially reasonable efforts to oppose the issuance of such Order, decree or ruling or the taking of such action;

(iii) By Buyer, if (i) any of the representations and warranties of Seller or W Vapes in this Agreement become untrue or inaccurate in any material respect such that Section 7.2(a) would not be satisfied or (ii) there has been a material breach on the part of Seller or W Vapes of any of their respective covenants or agreements contained in this Agreement such that Section 7.2(e) would not be satisfied; or

(iv) By Seller if (i) any of the representations and warranties of Buyer or Planet 13 in this Agreement become untrue or inaccurate in any material respect such that Section 7.3(a) would not be satisfied or (ii) there has been a material breach on the part of Buyer or Planet 13 of any of its covenants or agreements contained in this Agreement such that Section 7.3(b) would not be satisfied.

(b) Notice of Termination. If Buyer intends to terminate this Agreement under Sections 8.1(a)(ii)(A), 8.1(a)(ii)(B), or 8.1(a)(iii , or if Seller intends to terminate this Agreement under Sections 8.1(a)(ii)(A), 8.1(a)(ii)(B) or 8.1(a)(iv), such Person will provide the other Party with written notice of their intent, indicating in reasonable detail the deficiencies relied upon to terminate this Agreement.

(c) Effect of Termination. In the event of the termination of this Agreement pursuant to any provision of Section 8.1(a), this Agreement (other than this Section 8.1(c), Section 6.3 and Article 10, which will survive such termination) will forthwith become void, and there will be no Liability on the part of any Party or any of their respective officers or managers to the other and all rights and obligations of any Party will cease; provided, however, that nothing in this Section 8.1(c) will relieve any Party from Liability for fraud in the giving of any representations or warranties or for any willful and material breach, prior to termination of this Agreement.

8.2. Termination After First Closing Date and Prior to Second Closing Date.

(a) If the Regulatory Authorities deny the issuance of the Regulatory Approvals prior the first anniversary of the First Closing Date, then, the Seller, in its sole discretion, may elect to terminate this Agreement and unwind the Transaction (except for the purchase of the MRB Inventory on the First Closing Date), and exercise its option to under the Option Agreement to reacquire the Real Property and Tangible Personal Property in which case the parties shall take the action described below:

(A) The Consideration Shares issued on the First Closing Date shall be returned to Planet 13, the Share Escrow Agreement cancelled and such Consideration Shares cancelled by Planet 13;

(B) all ancillary documents executed in connection with this Agreement, (including the First Closing Documents) shall be terminated;

(C) Seller and Rx Land lease shall be cancelled;

(D) all of Tangible Personal Property transferred to Buyer pursuant to this Agreement shall be returned to the full ownership and control of Seller, free and clear of any Encumbrances other than Encumbrances existing as of the First Closing Date or approved in writing by Seller and the Buyer; provided, however, that to the extent Buyer no longer owns certain Tangible Personal, reasonable replacement assets may be transferred to Seller in substitution, as determined in good faith by mutual agreement of the Parties;

(E) If permitted by the Regulatory Authorities, the Parties will work together in good faith to take such actions as are commercially reasonable to return the Parties to the situation and condition existing immediately prior to the First Closing; and

(F) Buyer will terminate the Management Agreement, and will be responsible for the cancellation, payment, or satisfaction of any liabilities and obligations incurred by Buyer under the Management Agreement which are not automatically cancelled or terminated upon the termination of the Management Agreement, unless Seller, in its sole discretion, elects in writing to assume such liabilities and/or obligations;

(G) the Parties will work together in good faith to execute and deliver and take such additional actions as are reasonably necessary to return the Parties to the situation and condition existing immediately prior to the First Closing,

(b) If the Regulatory Authorities have not issued all Regulatory Approvals within six (6) years of the First Closing Date for any reason (and if Section 8.2(a) has not previously applied) then, this Agreement shall terminate and:

(A) The Consideration Shares shall be returned to Planet 13, the Share Escrow Agreement terminated, and such Consideration Shares cancelled by Planet 13;

(B) all ancillary documents executed in connection with this Agreement, (including the First Closing Documents) shall be terminated;

(C) Seller shall assume the Lease from Rx Land;

(D) all of the Tangible Personal Property transferred to Buyer pursuant to this Agreement (subject to changes reflecting the operation of the Business in the ordinary course) shall be returned to the full ownership and control of Seller, free and clear of any Encumbrances other than Encumbrances existing as of the First Closing Date or approved in writing by Seller and the Buyer; provided, however, that to the extent Buyer no longer owns certain Tangible Personal Property, reasonable replacement assets may be transferred to Seller in substitution, as determined in good faith by mutual agreement of the Parties;

(E) If permitted by the Regulatory Authorities, the Parties will work together in good faith to take such actions as are commercially reasonable to return the Parties to the situation and condition existing immediately prior to the First Closing; and

(F) Buyer will terminate the Management Agreement, and will be responsible for the cancellation, payment, or satisfaction of any liabilities and obligations incurred by Buyer under the Management Agreement which are not automatically cancelled or terminated upon the termination of the Management Agreement, unless Seller, in its sole discretion, elects in writing to assume such liabilities and/or obligations;

(G) the Parties will work together in good faith to execute and deliver and take such additional actions as are reasonably necessary to return the Parties to the situation and condition existing immediately prior to the First Closing,

(c) In the event of the termination of this Agreement pursuant to Section 8.2(a)(ii), this Agreement (other than Section 8.2(a)(ii), this Section 8.2(c), Section 6.3 and Article 10, which will survive such termination) will forthwith become void, and there will be no Liability on the part of any Party or any of their respective officers or managers to the other and all rights and obligations of any Party will cease; provided, however, that nothing in this Section 8.2(c) will relieve any Party from Liability for fraud in the giving of any representations or warranties or for any willful and material breach, prior to termination of this Agreement in accordance with its terms, of any covenant or agreement contained in this Agreement.

ARTICLE 9
COVENANTS AND CONDUCT OF THE PARTIES AFTER THE FIRST CLOSING AND SECOND CLOSING

9.1. Survival and Indemnification.

(a) Survival of Representations, Warranties, Covenants and Agreements. All representations and warranties of Seller and Buyer contained in this Agreement will survive the Second Closing Date for a period of two (2) years. Any claim made by Buyer or Seller based on fraud in the giving of any representations and warranties will survive indefinitely. All covenants and agreements made by Seller and Buyer contained in this Agreement (including the obligation of Buyer and Seller to submit the Applications (pursuant to Section 6.6) and to convey the MRB Assets (pursuant to Section 2.2) to Buyer), will survive the First Closing Date and Second Closing Date until fully performed or discharged. Any written claim for breach of representation and warranty delivered prior to the above-referenced applicable expiration date to the Party against whom such indemnification is sought will survive thereafter and, as to any such claim, such expiration, if any, will not affect the rights to indemnification under this Article 9 of the Party making such claim.

(b) Indemnification by Seller.

(i) Seller agrees to defend, indemnify and hold harmless the Planet 13 Parties and their Affiliates, and the managers, directors, officers and employees of the Planet 13 Parties and their respective Affiliates (each a "Buyer Party" and collectively, the "Buyer Parties"), from, against, and in respect of:

(A) any and all Losses suffered or incurred by a Buyer Party by reason of any breached or untrue representation or warranty of Seller contained in Article 4 of this Agreement;

(B) any and all Losses suffered or incurred by a Buyer Party by reason of the breach of or non-compliance with any covenant or agreement by Seller contained in this Agreement or any ancillary agreements executed in connection with this Agreement;

(C) any and all Losses suffered or incurred by a Buyer Party attributable to (1) any and all Taxes of Seller, (2) without duplication, and subject to Section 2.5 (Transfer Taxes), any and all Taxes (or the non-payment thereof) imposed on Buyer with respect to the Purchased Assets and MRB Licenses attributable to any Pre-Closing Tax Period or any MRB Pre-Closing Tax Period, and (3) any and all withholding, payroll, social security, unemployment or similar Taxes attributable to any payments made by Seller that are contingent upon or payable as a result of the transactions contemplated by this Agreement;

(D) any and all Losses suffered or incurred by a Buyer Party by reason of any Excluded Liabilities or Excluded Assets or Taxes which are the responsibility of Seller pursuant to Section 9.2;

(E) any and all Losses suffered or incurred by a Buyer Party by reason of any Third-Party Claim based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Seller (other than the Purchased Assets or Assumed Liabilities) conducted, existing or arising on or prior to the Second Closing Date, except to the extent indemnified by Buyer as set forth in Section 9.1(c)(iv) below; and

(F) any and all Losses suffered or incurred by a Buyer Party by reason of fraud by Seller.

(ii) W Vapes and Coffman jointly and severally agree to defend, indemnify and hold harmless the Buyer Parties from, against, and in respect of:

(A) any and all Losses suffered or incurred by a Buyer Party by reason of any breached or untrue representation or warranty of W Vapes and Coffman contained in Article 4 of this Agreement;

(B) any and all Losses suffered or incurred by a Buyer Party by reason of the breach of or non-compliance with any covenant or agreement by W Vapes and Coffman contained in this Agreement or any ancillary agreements executed in connection with this Agreement; and

(C) by a Transferor Taxes which are the responsibility of Seller pursuant to Section 9.2;

(D) any and all Losses suffered or incurred by a Buyer Party by

reason of fraud by Transferors.

(c) Indemnification by Planet 13 Parties. The Planet 13 Parties jointly and severally agree to indemnify and hold harmless the Transferors and their Affiliates, and the managers, officers and employees of Seller and their respective Affiliates (each a "Seller Party"), and collectively, the "Seller Parties") from, against, and in respect of:

(i) any and all Losses suffered or incurred by a Seller Party by reason of any breach of a representation or warranty by a Planet 13 Party contained in Article 5 of this Agreement;

(ii) any and all Losses suffered or incurred by a Seller Party by reason of the breach of or non-compliance with any covenant or agreement by a Planet 13 Party contained in this Agreement or any ancillary agreements executed in connection with this Agreement;

(iii) any and all Losses suffered or incurred by a Seller Party by reason of any Assumed Liabilities, or Taxes which are the responsibility of the Planet 13 Parties pursuant to Section 9.2.

(iv) any and all Losses suffered or incurred by a Seller Party by reason of any Third-Party Claim based upon, resulting from or arising out of the business, operations, properties, assets or obligations of the Business (including the Purchased Assets, and Assumed Liabilities) conducted, existing or arising after the First Closing Date (to the extent that such Third-Party Claim does not relate to the MRB Assets or the actions of Seller after the First Closing Date and prior to the Second Closing Date); and

(v) any and all Losses suffered or incurred by a Seller Party by reason of fraud by a Planet 13 Party.

(d) Notification of Claims. In the event that any party hereto entitled to indemnification pursuant to this Agreement (the "Indemnified Party") proposes to make any claim for such indemnification, the Indemnified Party will deliver to the indemnifying party (the "Indemnifying Party"), which delivery with respect to the Losses arising from breaches of representations and warranties will be on or prior to the date upon which the applicable representations and warranties expire pursuant to Section 9.1(a) hereof, a signed certificate, which certificate will (i) state that Losses have been incurred or that a claim has been made for which Losses may be incurred, (ii) specify the sections of this Agreement under which such claim is made, and (iii) specify in reasonable detail each individual item of Loss or other claim including the amount thereof and the date such Loss was incurred. In addition, each Indemnified Party will give notice to the Indemnifying Party promptly following its receipt of service of any suit or proceeding initiated by a third party which pertains to a matter for which indemnification may be sought (a "Third Party Claim"); provided, however, that the failure to give such notice will not relieve the Indemnifying Party of its obligations hereunder if the Indemnifying Party has not been prejudiced thereby.

(e) Defense of Third Party Claims. Any Indemnified Party will in good faith cooperate and assist the Indemnifying Party in defending against any claims or asserted claims with respect to which the Indemnified Party seeks indemnification under this Agreement. If requested by the Indemnifying Party, the Indemnified Party will join in any action, litigation, arbitration or proceeding, provided that the Indemnified Party will pay its own costs caused by such joinder. The Indemnified Party will not settle or compromise any claim or asserted claim, nor agree to extend any statute of limitations applicable to any claim or asserted claim, for which the Indemnified Party seeks indemnification under this

Agreement, without the prior written consent of the Indemnifying Party, which consent will not be unreasonably withheld.

(f) Other Indemnification Matters.

(i) All indemnification payments made pursuant to this Section 9.1 by the Transferors will be treated as an adjustment to the Purchase Price unless otherwise required by applicable Law.

(ii) Except (A) with respect to claims based upon fraud, (B) for remedies that cannot be waived as a matter of Law and (C) injunctive and provisional relief in accordance with the terms of this Agreement, if the First Closing occurs, this Section 9.1 will be the sole and exclusive remedy for breach of, inaccuracy in, or failure to comply with, any representation, warranty, or covenant contained in this Agreement, or otherwise in respect of the transactions contemplated by this Agreement.

(iii) With respect to any indemnification payment obligations of Seller, W Vapes or Coffman under this Section 9.1 that is determined to be a Final Indemnification Claim, a Buyer Party shall be entitled to recover such amounts from Seller, W Vapes or Coffman, as applicable, under this Agreement. provided, that, such recovery shall come from the following sources in the following order of priority: first, from the Consideration Shares, and second, from Seller, W Vapes or Coffman, as applicable. Any Consideration Shares that is used in satisfaction of such indemnification obligation shall be valued at the greater of: (i) the volume weighted average trading price of the Consideration Shares on the Canadian Securities Exchange during the 10-trading day period preceding such payment date, and (ii) the value of such Restricted Shares established at the First Closing. A "Final Indemnification Claim" shall mean any claim by any Transferor against Seller or W Vapes pursuant to Section 9.1(b) with respect to any Losses suffered or incurred by any Transferor that is (i) subject to a written agreement between Seller and any Transferor, (ii) a final settlement between Seller and any Transferor; or (iii) a final adjudication determined by a court of competent jurisdiction that an indemnification obligation is owing by Seller to a Buyer Party.

(iv) No Buyer Party shall be entitled to indemnification with respect to the breach or inaccuracy of any representation or warranty unless, until and only to the extent that any Buyer Party (individually or collectively with all other Buyer Parties) has suffered or incurred actual Losses in respect aggregating in excess of $75,000 (the "Basket"), in which case Buyer Parties shall be entitled to recover all Losses to the extent they exceed the Basket, subject to the other limitations set forth herein.

(v) In no event shall Seller Parties be obligated to indemnify Buyer Parties with respect to the breach or inaccuracy of any representation or warranty for amounts in excess of $4,100,000 (the "Purchase Price Cap").

9.2. Tax Matters.

(a) The amount of any Taxes based on or measured by income, receipts, profits, including, without limitation sales, use, value added, excise, employment, payroll or withholding taxes arising prior to or First Closing Date applicable, shall be the obligation of Seller.

(b) Buyer and Seller will cooperate fully, as and to the extent reasonably requested by the other Parties, in connection with the filing of Tax Returns and any audit, litigation, or other proceeding with respect to Taxes. Such cooperation will include the retention and (upon the other Party's request) the provision of records and information that are available and reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

9.3. Agreement Not To Compete.

(a) For a period ending on the earlier of: (i) the termination of this Agreement, or (ii) five (5) years from and after the First Closing Date (the "Restricted Period"), each Transferor and A. Todd Justice (the "Obligated Parties") shall not, and shall cause its Affiliates not to, directly or indirectly, own, operate, lease, manage, control, engage in, invest in, lend to, own any debt or equity security of, permit its or his name to be used by, act as consultant or advisor to, render services for (alone or in association with any person, firm, corporate or other business organization) or otherwise assist in any manner or be involved in any other capacity with any business that engages in business activities competitive with the Business (a "Competing Business") (including any Person engaged in whole or in part in any Competing Business) from a physical location anywhere in Nevada; provided, however, that nothing herein shall prohibit any Obligated Party from (i) taking any of the foregoing actions or acting in any of the foregoing capacities with respect to a business that is a Competitive Business solely by reason of producing, manufacturing, marketing and selling hemp CBD products or (ii) being a passive beneficial owner (including "group" that is a beneficial owner) of less than two percent (2%) of any class of securities of any entity that is registered pursuant to the Securities Act and traded on a national securities exchange.

(b) During the Restricted Period, no Obligated Party shall, and each shall cause its Affiliates not to, directly or indirectly: (i) induce or attempt to induce any of employee or consultant to leave the employ of, or engagement with, Buyer, or materially interfere with the relationship between Buyer and any employee or consultant, (ii) hire or engage any employee or consultant of the Planet 13 Parties or any of their Affiliates (or any person who was an employee or consultant of any Planet 13 Party or any of its Affiliates within the preceding 12 months, unless such employment or consulting relationship was terminated by Buyer) or (iii) induce or attempt to induce any person or entity who is or was within the prior two years a customer, supplier, licensee, licensor, franchisee or other business relation of any Transferor to cease doing business with any of the Planet 13 Parties or materially interfere with the relationship between any Planet 13 Party and any such Person.

(c) During the Restricted Period, each Obligated Party shall not, and shall cause its Affiliates not to, make or publish any statement or communication which is disparaging, negative or unflattering with respect to any of the Planet 13 Parties or any of their respective Affiliates, members, officers, managers, directors or employees. For purposes of this Section 9.3(c), a statement shall be deemed to be made by an Obligated Party only if made by an individual Obligated Party or by a member, officer, manager, director or senior managerial employee of a non-individual Obligated Party.

(d) Obligated Parties acknowledge and agree that the covenants and agreements set forth in this Section 9.3 were a material inducement to the Planet 13 Parties to enter into this Agreement and to perform its obligations hereunder and that the Planet 13 Parties would not have entered into this Agreement but for each Obligated Party's agreement to the restrictions set forth in this Section 9.3. Obligated Parties further acknowledge and agree that the Planet 13 Parties would be irreparably damaged if any Obligated Party were to engage directly or indirectly in any Competing Business, that any such competition by any Obligated Party would result in a significant loss of goodwill by the Planet 13 Parties and that money damages would not be an adequate remedy for any such breach. Therefore, in the event a breach or threatened breach of this Section 9.3, the Planet 13 Parties and each of their Affiliates or their respective successors and assigns, in addition to other rights and remedies existing in their favor, shall be entitled to specific performance, injunctive and other equitable relief from a court of competent jurisdiction in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other surety and at the expense of such Obligated Party, including reasonable attorneys' fees and expenses). The restrictive covenants set forth in this Section 9.3 shall be construed as agreements independent of any other provision in this Agreement, and the existence of any claim or cause of action of any Obligated Party against The Planet 13 Parties, whether predicated upon this Agreement or otherwise,

shall not constitute a defense to the enforcement by The Planet 13 Parties of any restrictive covenant contained in this Section 9.3. In the event of a breach or violation by any Obligated Party of this Section 9.3, the Restricted Period shall be tolled with respect to such Obligated Party until such breach or violation has been duly cured.

(e) Each Obligated Party agrees that the restrictions contained in this Section 9.3 are reasonable. If the final judgment of a court of competent jurisdiction nevertheless declares any term or provision of this Section 9.3 to be invalid or unenforceable, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified to cover the maximum duration, scope or area permitted by Law.

ARTICLE 10
MISCELLANEOUS

10.1. Further Assurances. Following the First Closing and Second Closing, each Party will cooperate in good faith with each other Party and will take all appropriate action and execute any agreement, instrument or other writing of any kind which may be reasonably necessary or advisable to carry out and consummate the Transaction.

10.2. Notices. Unless otherwise provided in this Agreement, any agreement, notice, request, instruction or other communication to be given hereunder by any Party to the other will be in writing and (a) delivered personally (such delivered notice to be effective on the date it is delivered), (b) deposited with a reputable overnight courier service for next Business Day delivery (such couriered notice to be effective one (1) Business Day after the date it is sent by courier; provided it is actually sent to be delivered on one (1) Business Day after the date it is sent; otherwise, when actually delivered), (c) sent by e-mail (with electronic confirmation of delivery or receipt), as follows:

To any Planet 13 Party: Planet 13 Holdings, Inc.
BLC Management Company, LLC
2548 West Desert Inn Road

Las Vegas, Nevada 89109
Attn: Leighton Koehler
Fax: 702
[REDACTED]

with a mandatory copy to (which shall not constitute Notice):
Holley Driggs Ltd.
400 S. Fourth Street, Third Floor
Attn: Michael Kearney, Esq.
[REDACTED]

If to Seller or W Vapes, to:
W the Brand, LLC
West Coast Development Nevada, LLC

[REDACTED]

c/o A. Todd Justice
[REDACTED]

If to Coffman: R. Scott Coffman
[REDACTED]

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

Gavigan Law, PLLC
10700 Sikes Place, Suite 375
Charlotte, NC 28277
Fax: N/A
Attn: Timothy Gavigan, Esq.

Any Party may designate in a writing to any other Party any other address or facsimile number to which, and any other Person to whom or which, a copy of any such notice, request, instruction or other communication should be sent.

10.3. Governing Law: Dispute Resolution.

(a) Governing Law. All issues and questions concerning the application, construction, validity, interpretation, and enforcement of this Agreement shall be governed by and construed in accordance with the internal Laws of the State of Nevada, without giving effect to any choice or conflict of law provision or rule (whether of the State of Nevada or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the State of Nevada.

(b) Jurisdiction: Venue. The Parties hereby agree that any suit, action, or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby, whether in contract, tort, or otherwise, shall be brought exclusively in the state courts of the State of Nevada located in Clark County thereafter. Each of the Parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action, or proceeding and irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding in any such court or that any such suit, action, or proceeding which is brought in any such court has been brought in an inconvenient forum.

(c) Waiver of July Trial. EACH OF THE PARTIES WAIVES THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OR RELATED TO THIS AGREEMENT IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AFFILIATE OF ANY OTHER SUCH PARTY, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. THE PARTIES AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL

WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

(d)Cannabis Laws. This Agreement is subject to strict requirements for ongoing regulatory compliance by the Parties, including, without limitation, requirements that the Parties take no action in violation of either the marijuana establishment Laws of any jurisdiction or jurisdictions to which Seller or any of its subsidiaries are, or may at any time become, subject, including, without limitation, the Nevada Cannabis Laws. The Parties acknowledge and understand that the Nevada Cannabis Laws and/or the requirements of the Regulatory Authorities are subject to change and are evolving as the marketplace for state-compliant cannabis businesses continues to evolve. If necessary to comply with the requirements of the Nevada Cannabis Laws and/or the Regulatory Authorities, the Parties hereby agree to (and to cause their respective Affiliates and Representatives to) use their respective commercially reasonable efforts to take all actions reasonably requested to ensure compliance with the Nevada Cannabis Laws and/or the Regulatory Authorities, including, without limitation, negotiating in good faith to amend, restate, amend and restate, supplement, or otherwise modify this Agreement to reflect terms that most closely approximate the Parties' original intentions but are responsive to and compliant with the requirements of the Nevada Cannabis Laws and/or the Regulatory Authorities. In furtherance of the foregoing, the Parties further agree to cooperate with the Regulatory Authorities to promptly respond to any informational requests, supplemental disclosure requirements, or other correspondence from the Regulatory Authorities and, to the extent permitted by the Regulatory Authorities, keep all other parties hereto fully and promptly informed as to any such requests, requirements, or correspondence.

10.4. Expenses. Except as expressly provided otherwise in this Agreement, (a) Seller will pay all legal, accounting and other expenses of Seller related to this Agreement and (b) Buyer will pay all legal, accounting and other expenses of Buyer related to this Agreement; provided, however, that any costs incurred to consummate the Transaction pursuant to the Nevada Cannabis Laws, including any costs required to be reimbursed to the Regulatory Authority (but excluding fees or penalties assessed against the Transferors arising out of or related to the sole act or omission by a Transferor) shall be paid by the Buyer.

10.5. Titles. The headings of the articles and sections of this Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this Agreement.

10.6. Waiver. No failure of any Party to require, and no delay by any Party in requiring, any other Party to comply with any provision of this Agreement will constitute a waiver of the right to require such compliance. No failure of any Party to exercise, and no delay by any Party in exercising, any right or remedy under this Agreement will constitute a waiver of such right or remedy. No waiver by any Party of any right or remedy under this Agreement will be effective unless made in writing. Any waiver by any Party of any right or remedy under this Agreement will be limited to the specific instance and will not constitute a waiver of such right or remedy in the future.

10.7. Effective; Binding. This Agreement will be effective upon the due execution hereof by all of the Parties. Upon becoming effective, this Agreement will be binding upon each Party and upon each successor and assignee of each Party and will inure to the benefit of, and be enforceable by, each Party and each successor, designee and assignee of each Party; provided, however, that, except as provided for in the immediately following sentence, no Party may assign any right or obligation arising pursuant to this Agreement without first obtaining the written consent of the other Party. Buyer may assign all or a portion

of its rights and obligations under this Agreement to one or more designees of Buyer upon prior written notice to Seller, provided that: (i) the assignment to any designee of Buyer will not materially negatively affect the ability to perform the obligations of Buyer under this Agreement, (ii) the designee of Buyer purchasing the Purchased Assets and paying the Purchase Price shall have the requisite resources and funds to perform Buyer's obligations hereunder and any designee of Buyer purchasing the Assets shall have the necessary qualifications to obtain all necessary consents and approvals under Nevada Cannabis Laws; and (iii) the designee shall assume the obligations under the respective ancillary agreements hereto to the extent the designee succeeds to the interests and obligations of Buyer that are the subject of such ancillary agreements. Buyer will remain liable hereunder notwithstanding any such assignment to one or more designees.

10.8. Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes each course of conduct previously pursued, accepted or acquiesced in, and each written or oral agreement and representation previously made, by the Parties with respect to the subject matter of this Agreement.

10.9. Modification. No course of performance or other conduct hereafter pursued, accepted or acquiesced in, and no oral agreement or representation made in the future, by any Party, whether or not relied or acted upon, and no usage of trade, whether or not relied or acted upon, will modify or terminate this Agreement, impair or otherwise affect any obligation of any Party pursuant to this Agreement or otherwise operate as a waiver of any such right or remedy. No modification of this Agreement or waiver of any such right or remedy will be effective unless made in writing duly executed by the Parties.

10.10. Counterparts; Electronic Copies. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which taken together will constitute one and the same instrument. Documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Agreement and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures. The Parties agree that this Agreement or any other document necessary for the consummation of the transactions contemplated by this Agreement may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act ("E-Sign Act"), Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act ("UETA") and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on all Parties the same as if it were physically executed and each Party hereby consents to the use of any third party electronic signature capture service providers as may be chosen and utilized by any Party.

10.11. Cannabis Carve-Out. Notwithstanding any provision in this Agreement to the contrary, the Parties acknowledge that they are aware of and fully understand that despite the medical and retail cannabis laws of the State of Nevada and the terms, conditions and covenants of this Agreement, individuals and entities engaged in the cultivation, transportation, sale, distribution or possession of medical and retail cannabis may still be arrested by federal and some state officers and prosecuted under Federal Cannabis Law; consequently, such activities are expressly excluded from any and all representations, warranties, obligations and covenants applicable to the Transferors under this Agreement. The Parties hereby waive illegality as a defense to any contract enforcement action.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Asset Purchase Agreement to be executed as of the Effective Date.

Planet 13 Parties:

Planet 13 Holdings Inc.

By: /s/ Larry Scheffler

Name: Larry Scheffler

Title: Co-CEO

By: /s/ Robert Groesbeck

Name: Robert Groesbeck

Title: Co-CEO

MM Development Company, Inc.

By: /s/ Larry Scheffler

Name: Larry Scheffler

Title: Manager

By: /s/ Robert Groesbeck

Name: Robert Groesbeck

Title: Manager

Transferors:

West Coast Development Nevada, LLC

By: /s/ R. Scott Coffman

Name: R. Scott Coffman

Title: Manager

W the Brand, LLC

By: /s/ R. Scott Coffman

Name: R. Scott Coffman

Title: Manager

Execution

EXHIBITS

Exhibit A	Management Agreement
Exhibit B	Intentionally Omitted
Exhibit C	Lease
Exhibit D	Bill of Sale
Exhibit E	Assignment and Assumption Agreement
Exhibit F	Share Escrow Agreement
Exhibit G	Release Agreement
Exhibit H	Questionnaire

SCHEDULES

Schedule 1	Defined Terms
Schedule 1.1(u)	MRB Licenses
Schedule 2.1(a)(iii)	Additional Equipment
Schedule 2.1(a)(iv)	Assumed Contracts
Schedule 2.1(a)(vi)	Permits
Schedule 2.2(a)(iii)	MRB Contracts
Schedule 2.4(b)	Nevada Licenses
Schedule 4.2	Seller Consent and Approvals
Schedule 4.4	Financial Statements
Schedule 4.7	Tangible Personal Property
Schedule 4.8	Subsequent Events
Schedule 4.11	Material Contracts
Schedule 4.12	Labor Matters
Schedule 4.15	Compliance with Law
Schedule 4.17	Environmental
Schedule 4.18	Insurance
Schedule 5.3	Buyer’s Consents and Approvals

SCHEDULE 1

DEFINED TERMS

Defined Terms. As used in this Agreement, the following terms will have the following meanings:

(a) "Affiliate" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

(b) "Affiliate Agreements" means each of the following documents in substantially the forms attached hereto: (i) the Management Agreement in the form attached hereto as Exhibit A, and (ii) the Lease Agreement in the form attached hereto as Exhibit C.

(c) "Agreement" means, unless the context otherwise requires, this Asset Purchase Agreement, as it may be amended from time to time, together with the Schedules and Exhibits attached hereto.

(d) "Applications" means any and all applications, documentation, change requests and correspondence provided to, and received from, the Regulatory Authorities or a state, county, city or local Governmental Authority involving the applications for, issuance of, or transfer of the Permits or MRB Licenses.

(e) "Benefit Plan" includes all "employee benefit plans" as defined in Section 3(3) of ERISA, and any other pension plans or employee benefit agreements, arrangements, programs or payroll practices (including severance pay, other termination benefits or compensation, vacation pay, salary, company awards, stock option, stock purchase, salary continuation for disability, sick leave, retirement, deferred compensation, bonus or other incentive compensation, stock purchase arrangements or policies, hospitalization, medical insurance, life insurance and scholarship programs) (whether funded or unfunded, written or oral, qualified or nonqualified), sponsored, maintained or contributed to or required to be contributed to by Seller or by any trade or business, whether or not incorporated, that together with a Seller would be deemed a "single employer" within the meaning of Section 4001 of ERISA for the benefit of any employee, leased employee, director, officer, shareholder or independent contractor (in each case either current or former) of Seller or Seller ERISA Affiliate.

(f) "Business" means the cultivation, manufacture, internal testing, marketing, promotion, and wholesale distribution of products containing cannabis and products that enable persons to consume cannabis in different forms, and other cannabis related products, for both medicinal and recreational uses, in each case within the State of Nevada.

(g) "Business Day" means any day other than a Saturday, Sunday or a legal holiday on which banks are not open for general business in the State of Nevada.

(h) "Cash Purchase Price" means the sum of (i) One Million Six Hundred Thousand U.S. Dollars (US$1,600,000), plus (ii) Three Thousand Three Hundred Thirty-Three and 33/100 U.S.

Dollars (US$3,333.33) for every day after June 30, 2020 up to and including the First Closing Date (the "Per Diem").

(i) "Code" means the Internal Revenue Code of 1986, as amended.

(j) "Consideration Shares" has the meaning given such term in Section 2.3.

(k) "Contract" means all contracts, agreements and obligations currently in force relating to the Purchased Assets, and Seller including, without limitation, all sale, management, construction, insurance, commission, architectural, engineering, operating, employment, service, supply and maintenance agreements.

(l) "Encumbrance" means any claim, lien, mortgage, pledge, option, charge, security interest, right of way, encroachment, Tax, reservation, restriction, encumbrance, or other right of any Person, or any other restriction or limitation of any nature whatsoever, affecting title to, any assets of Seller.

(m) "Escrow Holder" means Odyssey Trust Company.

(n) "Environmental Liabilities" means any Liability arising from or under any Environmental Law (including as a result of any breach thereof or compliance therewith).

(o) "Environmental Law" means any Law as now or hereafter in effect in any way relating to the protection of the environment or natural resources or, in relation thereto, human health and safety, including the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.) and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as those Laws have been amended, any analogous state and local Laws and the regulations promulgated pursuant thereto.

(p) "ERISA" means the Employment Retirement Income Security Act of 1974 and the regulations promulgated pursuant thereto, each as amended.

(q) "Excluded Management Agreement" means the Management Services Agreement between Seller, W Vapes. and Indus, effective January 31, 2020.

(r) "Excluded MRB Inventory" means expired or otherwise unsaleable MRB inventory that is scheduled for destruction, and any cannabis distillate or vape oil products.

(s) "Federal Cannabis Laws" means any U.S. federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including, without limitation, the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing.

(t) "First Closing Documents" means each of the following documents, in substantially the forms attached hereto, to be entered into on the First Closing Date: (i) the Affiliate Agreements in the forms attached hereto as Exhibits A and C, (ii) a bill of sale for the Purchased Assets in the form attached hereto as Exhibit D (the "Bill of Sale"), (iii) an assignment and assumption agreement in the form attached hereto as Exhibit E the "Assignment and Assumption Agreement"), (iv) evidence that a certificate representing that number of Consideration Shares having an aggregate value of Two Million Five Hundred Thousand U.S. Dollars (US$2,500,000) as established pursuant to Section 2.3(b) has been issued in the name of Seller and has been deposited with the Escrow Holder to the held pursuant to the terms of the Share Escrow Agreement (v) the escrow agreement for the Consideration Shares in the form attached hereto as Exhibit F (the "Share Escrow Agreement"), (vi) a release and indemnity agreement from Indus in the form attached hereto as Exhibit G (the "Release Agreement"), and (vii) all other ancillary agreements, contracts and documents to be entered into in connection with this Agreement.

(u) "Governmental Authority" means any federal, state, commonwealth, provincial, municipal, local or foreign government, or any political subdivision thereof, or any court, agency or other entity, body, organization or group, exercising any executive, legislative, judicial, quasi-judicial, regulatory or administrative function of government, or any supranational body, arbitrator, court or tribunal of competent jurisdiction.

(v) "Hazardous Material" means any substance, material or waste that is regulated, classified or otherwise characterized under or pursuant to any Environmental Law as "hazardous," "toxic," "pollutant," "contaminant," "radioactive," "medical waste," "biohazard" or words of similar meaning or effect, including petroleum and its by-products, asbestos, polychlorinated biphenyls, radon, mold or other fungi, and urea formaldehyde insulation.

(w) "Indebtedness" shall mean all obligations of: (i) for borrowed money; (ii) evidenced by notes, bonds, debentures or similar instruments; (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the Ordinary Course of Business); (iv) under capital leases; and (v) in the nature of guarantees of the obligations described in clauses (i) through (iv) above of any other Person.

(x) "Indus" shall mean Indus Nevada, LLC, a Nevada limited liability company.

(y) "Intellectual Property" means any and all intellectual property and rights in or to intellectual property, including (a) any and all trademarks, service marks, brand names, certification marks, trade dress, assumed names, trade names, logos and other indications of origin, sponsorship or affiliation, together with the goodwill associated therewith (whether the foregoing are registered or unregistered); registrations thereof in any jurisdiction and applications to register any of the foregoing in any jurisdiction, and any extension, modification or renewal of any such registration or application; (b) any and all inventions, developments, improvements, discoveries, know how, concepts and ideas, whether patentable or not in any jurisdiction; (c) any and all patents, revalidations, industrial designs, industrial models and utility models, patent applications (including reissues, continuations, divisions, continuations in-part and extensions) and patent disclosures; (d) any and all mask works and other semiconductor chip rights and registrations thereof; (e) any and all non-public information, trade secrets and proprietary or confidential information and rights in any jurisdiction to limit the use or disclosure thereof by any Person; (f) any and all writings and other works, whether copyrighted, copyrightable or not in any jurisdiction, such works including computer programs and software (including source code, object code, data and databases); (g) any and all copyrights, copyright registrations and applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; (h) any and all other intellectual property or proprietary rights; (i) any and all agreements, licenses, immunities, covenants not to sue and

the like relating to any of the foregoing; and (j) any and all claims or causes of action arising out of or related to any infringement or misappropriation of any of the foregoing. Notwithstanding the foregoing, "Intellectual Property" shall not mean any and all of the foregoing to the extent it relates to or pertains to any of the Excluded Assets.

(z) "Inventory" means all raw materials, ingredients and finished cannabis goods inventory of the Business.

(aa) "Knowledge" and similar phrases using the term "Knowledge" means the actual knowledge of the subject Person with respect to the matters which are relevant to the representation, warranty, covenant or agreement being made or given.

(bb) "Knowledge of Seller" mean the Knowledge of A. Todd Justice, R. Scott Coffman, Lance Blundell, or Eric Richardson

(cc) "Law" means any federal, state, local, municipal, provincial, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, consent order, consent decree, decree, Order, judgment, rule, regulation, ruling, guideline, notice, protocol, directive, regulatory guidance, agreement or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or with or under the authority of any Governmental Authority, whether or not having the force of law.

(dd) "Lease" means the lease agreement relating to the Leased Premises between Seller and Rx Land in the form attached hereto as Exhibit C.

(ee) "Leased Premises" means the real property located at 4801 West Bell Drive, Las Vegas, Nevada, Assessor's Parcel No. 162-20-104-003.

(ff) "Liabilities" shall mean all Indebtedness, obligations and other liabilities of a Person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due).

(gg) "Losses" mean all out-of-pocket, losses, liabilities, obligations, Taxes, Encumbrances, deficiencies and damages, encumbrances, fines, penalties, claims, demands, orders, dues, costs and other expenses (including all fines, interest, penalties and other amounts paid pursuant to a judgment, compromise or settlement, or costs associated with enforcing any right to indemnification hereunder), court costs and reasonable legal and accounting fees and disbursements; provided, however, that "Losses" will not include incidental or consequential damages, or punitive damages, except to the extent such punitive damages are payable to a third party.

(hh) "Material Adverse Effect" shall mean any event or circumstance that has or will have, or could reasonably be expected to have, a material adverse effect on the Business, Purchased Assets, operations, financial condition, or results of operations of the Seller taken as a whole, after the First Closing Date or Second Closing Date, it being understood that in no event shall any of the following be deemed by itself or by themselves, either individually or in the aggregate, to constitute a Material Adverse Effect: (a) a failure by Seller to meet internal earnings, revenue or other projections or earnings, revenue or other predictions of any analyst, (b) any event, circumstance or market condition occurring as a general economic or financial conditions or other developments that are not unique to Seller, or (c) the appointment of a receiver to operate the Business, the operation of the Business by such a receiver and the results of operations of the Business during such period of operation, the imposition of monetary penalties that shall constitute Excluded Liabilities.

(ii) "MRB Inventory" means any and all Inventory of Seller to be transferred to Buyer at the First Closing, including but not limited to all items listed as held by the Seller on their Metrc system as of June 16, 2020, and all flower, trim, bud, kief, and all biological assets and all intellectual property rights to those biological assets such as strains and genetics currently located within the Leased Premises of Seller, and any biological assets or inventory resulting therefrom entered into Metrc following June 16, 2020 and up through the Effective Date of this Agreement.

(jj) "MRB Licenses" means any and all Permits required by or requested from any Regulatory Authority for the conduct of the Business, excluding the Excluded Assets, that cannot, without Regulatory Approvals, be transferred to Buyer at the First Closing, a list of which are set forth on Schedule 1.1(u).

(kk) "Nevada Cannabis Laws" means the marijuana establishment laws of any jurisdictions within the State of Nevada to which Seller is or may at any time become, subject, including, without limitation, Chapter 453A of the Nevada Revised Statutes, as amended, 453D of the Nevada Revised Statutes, as amended, Title 60 of the Nevada Revised Statutes codifying NV AB533 and the rules and regulations adopted by the Nevada Division of Public and Behavioral Health, the Nevada Department of Taxation, the Nevada Cannabis Compliance Board, the City of Las Vegas, NV or any other state or local government agency with authority to regulate any marijuana operation (or proposed marijuana operation) including the guidance or instruction of any other state or local government agency with authority to regulate any marijuana operation (or proposed operation).

(ll) "Option Agreement" means an option agreement whereby Rx Land and Buyer grants to Seller the option to reacquire the Real Property for $3,3000,00 and the Tangible Personal Property for $500,000, respectively, upon the happening of certain events.

(mm) "Order" means any order, writ, assessment, decision, injunction, decree, judgment, ruling, award, settlement or stipulation issued, promulgated or entered into by or with any Governmental Authority.

(nn) "Ordinary Course of Business" means actions taken by a Person in the ordinary and usual course of normal day-to-day operations of such Person's business, consistent with past practice.

(oo) "Permits" mean all permits, licenses, consents, franchises, approvals, registrations, certificates, variances and other authorizations required to be obtained from any Governmental Authority or other Person in connection with the operation of the Business and necessary to conduct the Business presently conducted or planned to be conducted.

(pp) "Permitted Encumbrances" means any easement, right of way, encroachment, conflict, discrepancy, overlapping of improvements, protrusion, lien, encumbrance, restriction, condition, covenant, exception, including the Lease and Assumed Liabilities, or other matter with respect to the Real Property, Premises, Purchased Assets or the Business approved by the Planet 13 Parties.

(qq) "Personal Data" shall mean a person's name, street address, telephone number, email address, date of birth, gender, photograph, Social Security Number or Tax identification number, driver's license number, passport number, credit card number, bank account information and other financial information, account numbers, account access codes and passwords, or any other piece of information that allows the identification of such person or enables access to such person's financial information, or as that term is otherwise defined by applicable Law.

(rr)"Person" means any Governmental Authority, individual, association, joint

venture, partnership, corporation, limited liability company, trust or other entity.

(ss)"Proceeding" means any claim, demand, action, suit, litigation, dispute, order,
writ, injunction, judgment, assessment, decree, grievance, arbitral action, investigation or other proceeding.

(tt)"Real Property" means the Leased Premises together with (i) all buildings and
improvements located thereon and (ii) all rights, privileges, interests, easements, hereditaments and appurtenances thereunto in any way incident, appertaining or belonging thereto.

(uu) "Regulatory Approvals" shall mean the consent and approval of the Regulatory Authorities to the sale, transfer, conveyance, substitution and/or delivery of the MRB Licenses to Buyer or, issuance of any new MRB Licenses to Buyer to the extent any such MRB License is non-transferable (as submitted in the Applications to the Regulatory Authorities in accordance with Section 6.6).

(vv) "Regulatory Authorities" or "Regulatory Authority" means any Governmental Authorities with actual authority over the Applications for or sale, transfer, conveyance, issuance, substitution and/or delivery of the MRB Licenses.

(ww) "Representative" means any manager, officer, director, principal, attorney, accountant, agent, employee or other representative of any Person.

(xx)'Second Closing Documents" shall mean a (i) Bill of Sale for MRB Assets to be

purchased on the Second Closing, (ii) an Assignment and Assumption Agreement for the MRB Contracts assumed on the Second Closing, (iii) instructions to the Escrow Holder to release all Consideration Shares to Seller, and (iv) all other ancillary agreements, contracts and documents to be entered into in connection with this Agreement.

(yy) "Rx Land" means Rx Land, LLC, a Nevada limited liability company.

(zz)"Tangible Personal Property" means all tangible personal property (other than

Inventory) owned or leased by Seller or in which Seller has any interest and relating to the Business, including vehicles and production and processing equipment, warehouse equipment, computer hardware, furniture and fixtures, leasehold improvements, supplies and other tangible assets, together with any transferable manufacturer or vendor warranties related thereto.

(aaa) "Tax" or "Taxes" means any federal, state, local or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, startup, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), health, unemployment, disability, real property, personal property, intangible property, abandoned property or escheat, sales, use, ad valorem, transfer, registration, value added, goods and services, harmonized, alternative or add-on minimum, estimated, or other tax or similar obligation of any kind whatsoever to any Tax authority, including any interest, penalty or addition thereto, whether disputed or not.

(bbb) "Tax Return" means any return, declaration, report, form, claim for refund, election or information return or statement relating to Taxes, including any schedule or attachment thereto, and any amendment thereof.

(ccc) "Transaction" means the asset purchases contemplated under this Agreement.

(ddd) "Transaction Documents" means this Agreement and any other document, agreement, certificate or instrument required to be delivered at the Closing pursuant to the terms hereof. For the avoidance of doubt, the Management Agreement shall not be deemed to be a Transaction Document.

(eee) "Transaction Expenses" means the aggregate amount of all fees, costs and expenses incurred or subject to reimbursement by Seller in connection with this Agreement or the transactions contemplated hereby (whether incurred prior to or after the date hereof) and not previously paid, including: (i) all fees, expenses, costs, commissions and disbursements of any broker, finder, financial advisor, consultant, accountant or legal counsel incurred by or on behalf of Seller in connection with this Agreement and the transactions contemplated hereby, (ii) any and all transaction, success, change-of-control or similar bonuses payable to employees, directors, managers or consultants of Seller (including any applicable payroll Taxes related thereto) as a result of the Transaction contemplated hereby; and (iii) expenses or payments resulting from the change of control of Seller or otherwise payable in connection with receipt of any consent or approval in connection with the transactions contemplated hereby (but excluding, for the avoidance of doubt, any expenses of the Planet 13 Parties).

(fff) "Transfer Taxes" means any sales, use, stock transfer, value added, real property transfer, transfer, stamp, registration, documentary, recording or similar duties or taxes together with any interest thereon, penalties, fines, costs, fees, additions to tax or additional amounts with respect thereto incurred in connection with the transactions contemplated by this Agreement. Notwithstanding the foregoing, "transfer Taxes" shall specifically exclude any and all of the foregoing described taxes that pertain to or result from the issuance and transfers of the Consideration Shares (the "Stock Transfer Taxes").

Additional Definitions

Term	**Section**
Agreement	Preamble
Alternative Transaction	6.1(c)
Annual Financial Statement	4.9
Assignment and Assumption Agreement	Definition (l)
Assumed Contracts	2.1(a)
Balance Sheet	4.4
Balance Sheet Date	4.4
Basket	9.1(f)
Bill of Sale	Definition (l)
Buyer	Preamble
Closing Indebtedness	2.8
Coffman	Preamble
Competing Busines	9.3(a)
Consideration Shares	2.3(b)
Disclosure Schedules	Article 4
Effective Date	Preamble
Excluded Assets	2.1(b)
Excluded Liabilities	2.1(c)
Financial Statements	4.4
Final Indemnification Claim	9.1(e)
First Closing	3.1

First Closing Assumed Liabilities	2.1(c)
First Closing Date	3.1
Indemnified Party	9.1(d)
Indemnifying Parties	9.1(d)
Interim Balance Sheet	4.4
Interim Balance Sheet Date	4.4
Interim Financial Statements	4.4
IP Agreements	4.10

Labor and Employment legal Requirements 4.12

Material Contracts	4.11
MRB Assets	2.2(a)
MRB Contracts	2.2(a)
Obligated Parties	9.3(a)
Party	Preamble
Parties	Preamble
Per Diem	Definition (h)
Planet 13	Preamble
Planet 13 Parties	Preamble
Pre-Closing Statement	2.8
Prior APA	7.3(f)
Purchase Price Allocation	2.6
Purchase Price Cap	9.1(f)
Purchased Assets	2.1(a)
Questionnaire	4.4(c)(ii)
Release Agreement	Definition (l)
Representatives	6.1(c)
Restricted Period	9.3(a)
Second Closing	3.2(b)
Second Closing MRB Assets	2,2(a)
Second Closing Date Assumed Liabilities 2.2(a)	
Second Closing Date	3.2(b)
Seller	Preamble
Seller Parties	9.1(c)
Share Escrow Agreement	Definition (l)
Third-Party Claim	9.1(d)
Transfer Taxes	9.1(b)
Transferors	Preamble
W Vapes	Preamble

DISCLOSURE SCHEDULES

ASSET PURCHASE AGREEMENT

BY AND AMONG

PLANET 13 HOLDINGS INC., AND MM DEVELOPMENT COMPANY, INC.

AND

W THE BRAND, LLC, WEST COAST DEVELOPMENT NEVADA, LLC,

AND R. SCOTT COFFMAN.

SELLER'S DISCLOSURE SCHEDULE

Schedule 1.1(jj)	MRB Licenses
Schedule 2.1(a)(iii)	Equipment
Schedule 2.1(a)(iv)	Assumed Contracts
Schedule 2.1(a)(vi)	Permits
Schedule 2.2(a)(iii)	MRB Contracts
Schedule 2.4(b)	Nevada Licenses
Schedule 4.2	Seller Consent and Approvals
Schedule 4.4	Financial Statements
Schedule 4.7	Tangible Personal Property
Schedule 4.10(b)	Intellectual Property
Schedule 4.11	Material Contracts
Schedule 4.12	Labor Matters
Schedule 4.15	Compliance with Law
Schedule 4.17	Environmental
Schedule 4.18	Insurance
Schedule 5.3	Buyer's Consents and Approvals

ASSET PURCHASE AGREEMENT

BY AND AMONG

PLANET 13 HOLDINGS INC., AND MM DEVELOPMENT COMPANY, INC.,

AND

W THE BRAND, LLC, WEST COAST DEVELOPMENT NEVADA, LLC,

AND R. SCOTT COFFMAN.

SELLER'S DISCLOSURE SCHEDULE

INTRODUCTION

This Disclosure Schedule (the "Disclosure Schedule") is delivered in connection with the execution of that certain Asset Purchase Agreement between and among Planet 13 Holdings Inc., a corporation organized under the *Business Corporations Act* (British Columbia) ("Planet 13"), MM Development Company, Inc., a Nevada corporation ("Buyer", and together with Planet 13 the "Planet 13 Parties"), and W the Brand, LLC, a Delaware limited liability company ("W Vapes"), and West Coast Development Nevada, LLC, a Nevada limited liability company ("Seller") and R. Scott Coffman, a North Carolina resident ("Coffman" and together with Seller and W Vapes, the "Transferors"). Capitalized terms used herein but not defined shall have the identical meaning assigned to such terms in the Agreement. The numbers below correspond to the section numbers of the Agreement.

Schedule 1.1(jj)
MRB Licenses

1. State of Nevada - Marijuana Cultivation Facility License No. C06757708763289160503743 and License No. RC067-17755737390295686365 (Expires 6/30/19)

2. State of Nevada - Marijuana Product Manufacturing License No. P034179687774605767755552 and License No. RP034-13351121953140240442 (Expires 6/30/19)

3. Clark County Business License No. 2000024.MMR-301, and License No. *20000251MMR-301* issued in the names of Sweet Goldy, LLC and Sweet Goldy Production, LLC, respectively.

Schedule 2.1(a)(iii)

Computer Hardware; Furniture; Vehicles

Nevada

Furniture

1. L-Office Desk - 3
2. Admin Desk - 1
3. Couch- 2
4. Lounge Chair - 2
5. Coffee Table - 1
6. Conference Table - 2
7. 4 Desk cubicle - 1
8. Uline Desk - 1
9. Desk Chairs - 10
10. Chair - 8
11. Folding Chair - 8
12. Lab Bench - 2
13. Lab Island - 2
14. Lab Stool- 2
15. Tables - 2
16. Folding Table - 3
17. Microwave - 2
18. Water Dispenser - 2
19. Small Step Ladder - 2
20. Step Ladder - 2
21. File Cabinet - 2

Computer Hardware

1. Printer - 3
2. Desktop Computer - 3
3. Laptops - 6
4. Monitors - 8
5. Label Printer - 3
6. TVs-4
7. DVR-2
8. Data Center - 1

(See Additional Specific Description Schedule 4.7(b))

Vehicles

1. 2017 Ford F-150 owned by West Coast Development Nevada, LLC.

Equipment

1. Waters SFE Bio-Botanical Extraction Systems - 2
2. Argus Nutrient Water Application System

Schedule 2.1(a)(iv)

Assumed Contracts

Waters Tech Lease for Waters SFE Bio-Botanical Extraction System with TAW dated April 7, 2017.

Schedule 2.1(a)(vi)

Transferable Permits

MRB Licenses – State of Nevada licenses subject to CCB Approval

2. State of Nevada - Marijuana Cultivation Facility License No. C06757708763289160503743 and License No. RC067-17755737390295686365 (Expires 6/30/19)

4. State of Nevada - Marijuana Product Manufacturing License No. P03417968777460576775552 and License No. RP034-13351121953140240442 (Expires 6/30/19)

5. Clark County Business License No. 2000024.MMR-301, and License No. *20000251MMR-301* issued in the names of Sweet Goldy, LLC and Sweet Goldy Production, LLC, respectively.

Schedule 2.1(c)
Excluded Liabilities

1. The Restricted Equity Grant dated February 1,2018 outstanding to Sean Corrigan that provides for an award of up to 300,000 Membership Units in W The Brand, LLC. Such Units vest 50% after his 18th month employment anniversary, and 50% after his 36th month employment anniversary. There is also an acceleration provision that vests the Units in their entirety upon a sale of all or substantially all of the assets of W The Brand, LLC.

2. The Sean Corrigan Employment Agreement. that That certain Executive Employment Agreement, dated February 1, 2018, by and between Sean Corrigan and W The Brand, LLC (the "Sean Corrigan Employment Agreement").

3. Asset Purchase Agreement dated as of May 14, 2019, as amended, among Indus Brand Management LLC, a Delaware limited liability company (“Brand Purchaser”), Indus Nevada LLC, a Nevada limited liability company (“Nevada Purchaser”), and Indus Oregon LLC, an Oregon limited liability company (“Oregon Purchaser”, and collectively with Brand Purchaser and Nevada Purchaser, the “Purchaser Parties”), and W The Brand, LLC (“W”), West Coast Development Nevada LLC (“WCDN”) and West Coast Development Oregon LLC (WCDO”), each a Delaware limited liability company (collectively, W, WCDN and WCDO are referred to herein as the “Sellers”).

4. Excluded Management Agreement (as defined in Agreement)

5. The Release (as defined in the Agreement)

6. Termination Agreement among Indus Brand Management LLC, a Delaware limited liability company (“Brand Purchaser”), Indus Nevada LLC, a Nevada limited liability company (“Nevada Purchaser”), and Indus Oregon LLC, an Oregon limited liability company (“Oregon Purchaser”, and collectively with Brand Purchaser and Nevada Purchaser, the “Purchaser Parties”), and W The Brand, LLC (“W”), West Coast Development Nevada LLC (“WCDN”) and West Coast Development Oregon LLC (WCDO”), each a Delaware limited liability company (collectively, W, WCDN and WCDO are referred to herein as the “Sellers”).

7. The DCL Loan (as hereinafter defined).

8. The B Nevada Loan. Loan Agreement, dated April 17, 2017 (as amended, the "B Nevada Loan"), by and between West Coast Development Nevada, LLC and B Nevada, LLC ("B Nevada"), as amended by that certain First Amendment to Loan Agreement, effective as of April 17, 2017, B Nevada has been awarded a 30% equity interest in West Coast Development Nevada, LLC with such award having vested upon the completion of the transfer of certain marijuana licenses from Sweet Goldy, LLC and Sweet Goldy Production, LLC. The grant of the award is conditioned upon the State of Nevada's approval of B Nevada to be qualified to conduct marijuana cultivation and

manufacturing activities and is also immediately triggered upon a sale of all or substantially all of the assets of Seller.

9. The Dominick Loan (as hereinafter defined).

10. The Edge Loan (as hereinafter defined).

11. The Jeff Nagel Settlement Agreement (as hereinafter defined).

12. Offer Letter Re: State of Nevada v. W The Brand, LLC, et at, dated March 18, 2019, by The State of Nevada Office of the Attorney General, to W The Brand, LLC.

13. All liabilities as disclosed by WCDN to Planet 13 Holdings, Inc. and MM Development Company, Inc. in the 5/31/2020 dated WCDN Balance Sheet, as such may be or have been updated through the Effective Date of this Agreement, an extract of which is provided below:

Liabilities				
Current Liabilities				
Accounts Payable (A!P)	**01 NV**			Total
Credit Cards	76,751.58			112,342.37
Credit Card - CC Master Card	7,615.13	10 OR		7,615.13
Credit Card - CC Visa	9,558.94	35,590.79	Not Specified	9,558.94
	$	$	$	$
Total Credit Cards	**17,174.07**	**0.00**	**0.00**	**17,174.07**
Other Current Liabilities				
Insurances Payable	23,186.35			23,186.35
Loan from Scott Coffman			287,600.00	287,600.00
Scott Coffman Interest Payable			51,242.55	51,242.55
Total Loan from Scott Coffman	$ **0.00**	$ **0.00**	$ **338,842.55**	$ **338,842.55**
Related Party - Indus Holdings	1,987,133.12	228,344.86		2,215,477.98
Related Party - Sweet Goldy	-161,589.50			-161,589.50
	$	$	$	
Total Other Current Liabilities	**1,848,729.97**	**228,344.86**	**338,842.55**	$ **2,415,917.38**
	$	$	$	
Total Current Liabilities	**1,942,655.62**	**263,935.65**	**338,842.55**	$ **2,545,433.82**
Long-Term Liabilities Due to B Nevada			5,000,000.00	5,000,000.00
Interest Payable to BV			924,999.95	924,999.95
	$	$	$	
Total Due to B Nevada	**0.00**	**0.00**	**5,924,999.95**	$ **5,924,999.95**
Due to W The Brand (0308 !				
1738)			6,043,290.69	6,043,290.69
Interest Payable to W The Brand			408,960.43	408,960.43
Total Due to W The Brand (0308 !				
	$	$	$	
1738)	**0.00**	**0.00**	**6,452,251.12**	$ **6,452,251.12**
	$	$	$	
Total Long-Term Liabilities	**0.00**	**0.00**	**12,377,251.07**	$ **12,377,251.07**
	$	$	$	

Total Liabilities	**1,942,655.62**	**263,935.65**	**12,716,093.62**	**$**	**14,922,684.89**

Schedule 2.2(a)(iii)
MRB Contracts

*

Schedule 4.2

Sellers' Required Consents

1. The consent of the landlord under the Nevada Lease.

2. The consent of Waters Technologies Corporation under the Nevada Waters Tech Agreement .

3. Recreational Marijuana Retail Application, upon completion of application within 7 days of Effective Date of APA. The cover-letter to this application shall also re-confirm the withdrawal of the previous WCDN request to transfer ownership to Indus Parties.

Schedule 4.4
Financial Statements

See attached.

Schedule 4.7

Property, Plant, and Equipment

Nevada

Count	Equipment
1	2” Pope Distiller + equipment
1	4” Pope Distiller + equipment
2	Accucold FFAR1-=<ED
2	Bio Lion XC-CSA
1	BR Instruments Distiller + computer
3	Cascade TVO 5 oven
1	Chemtech Distiller
6	Computer
4	Camp2Dry Dehumidifier
1	Data Center w/security DVRs
1	Dropbox’ safe
1	EL Cold EL51XLLT Freezer
1	Futurola SH-110 Shredder
1	Gas Chromatograph
60	Hurricane fans
1	Hyperlogic CWF Hydro-44A-216
3	IKIA MVP 10 B
3	IKA RC2 C control
3	IKA RV10 C rotovap
1	Large gun safe
7	Leader Ecojet R110 Pump
1	Leader Ecojet R240 Pump
4	Leader Ecojet R90 Pump
4	Locker
36	Multifan
1	Oman LAR 25PMB
1	Paychex Punch station
3	Printer
4	Quest air movers
1	Quest Dry 150 Dehumidifier
1	Quest Dry 180 Dehumidifier
9	Quest Dry 240 Dehumidifier
1	Quest Dry 40 Dehumidifier
1	Sasquash Rosin Press
1	Security computer
1	Small safe
180	Soleil Model 50/hps lights
90	Solistek A1 277V Lights
1	STM RB 453 pre roll machine

9	Sun System LEC315
43	Sun System T5HO48
4	Televisions
1	Thompson Duke MCF1 Filling machine
2	Water SFE Bio-Botanical Extraction Systems + computer
2	Whirlpool Refrigerators

Schedule 4.7(b) continued: Generally, all assets represented by the accounting schedule on the following two pages showing cost basis of assets as at 12/31/2018, and as such may have been updated through 07/17/2020, notwithstanding whether such asset is included of the named assets listed above under Schedules 4.7(b) “Property, Plant, and Equipment” and 2.1(a)(iii) “Computer Hardware; Furniture; Vehicles”, exclusive of the “Licenses” asset listed as item 42 on the schedule below.

	Beginning Balance 12/31/2017	Additions	Audit Disposals	Adjustments	Ending Balance 12/31/2018	Beginning Balance 12/31/2017	IRC 179	Bonus	Audit Additions	Disposals	Adjustments	Ending Balance 12/31/2018	NBV
9 Cultivation5/17/2017 Equipment	61,353.00		-	- -61,353.00		(35,060.00)	-			- (7,512.00)	- -	(42,572.00)	18,781.00
10 Cultivation5/31/2017 Equipment	4,772.00		-	- -4,772.00		(2,727.00)	-			- (584.00)	- -	(3,311.00)	1,461.00
11 Cultivation8/7/2017 Equipment	11,640.00		-	- -11,640.00		(6,652.00)	-			- (1,425.00)	- -	(8,077.00)	3,563.00
12 Cultivation8/8/2017 Equipment	3,394.00		-	- -3,394.00		(1,940.00)	-			- (415.00)	- -	(2,355.00)	1,039.00
13 Cultivation8/23/2017 Equipment	3,086.00		-	- -3,086.00		(1,764.00)	-			- (378.00)	- -	(2,142.00)	944.00
14 Cultivation8/24/2017 Equipment	4,725.00		-	- -4,725.00		(2,701.00)	-			- (578.00)	- -	(3,279.00)	1,446.00
15 Cultivation8/29/2017 Equipment	3,151.00		-	- -3,151.00		(1,801.00)	-			- (386.00)	- -	(2,187.00)	964.00
16 Cultivation8/31/2017 Equipment	2,722.00		-	- -2,722.00		(1,556.00)	-			- (333.00)	- -	(1,889.00)	833.00
17 Cultivation9/12/2017 Equipment	10,500.00		-	- -10,500.00		(6,000.00)	-			- (1,286.00)	- -	(7,286.00)	3,214.00
18 Cultivation9/14/2017 Equipment	3,227.00		-	- -3,227.00		(1,845.00)	-			- (395.00)	- -	(2,240.00)	987.00
19 Cultivation9/21/2017 Equipment	2,326.00		-	- -2,326.00		(1,329.00)	-			- (285.00)	- -	(1,614.00)	712.00
20 Lab 4/7/2017 Equipment	97,736.00		-	- -97,736.00		(58,642.00)	-			- (15,638.00)	- -	(74,280.00)	23,456.00
21 Lab 4/27/2017 Equipment	3,750.00		-	- -3,750.00		(2,250.00)	-			- (600.00)	- -	(2,850.00)	900.00
22 Lab 4/28/2017 Equipment	3,968.00		-	- -3,968.00		(2,381.00)	-			- (635.00)	- -	(3,016.00)	952.00
23 Lab 5/9/2017 Equipment	9,068.00		-	- -9,068.00		(5,441.00)	-			- (1,451.00)	- -	(6,892.00)	2,176.00
24 Lab 5/12/2017 Equipment	15,613.00		-	- -15,613.00		(9,368.00)	-			- (2,498.00)	- -	(11,866.00)	3,747.00
25 Lab 5/19/2017 Equipment	33,418.00		-	- -33,418.00		(20,051.00)	-			- (5,347.00)	- -	(25,398.00)	8,020.00
26 Lab 5/23/2017 Equipment	6,331.00		-	- -6,331.00		(3,799.00)	-			- (1,013.00)	- -	(4,812.00)	1,519.00
27 Lab 5/26/2017 Equipment	6,247.00		-	- -6,247.00		(3,749.00)	-			- (999.00)	- -	(4,748.00)	1,499.00
28 Lab 5/30/2017 Equipment	13,552.00		-	- -13,552.00		(8,131.00)	-			- (2,168.00)	- -	(10,299.00)	3,253.00
29 Lab 6/23/2017 Equipment	26,054.00		-	- -26,054.00		(15,633.00)	-			- (4,168.00)	- -	(19,801.00)	6,253.00
30 Lab 7/24/2017 Equipment	5,387.00		-	- -5,387.00		(3,233.00)	-			- (862.00)	- -	(4,095.00)	1,292.00
31 Lab 8/1/2017 Equipment	31,065.00		-	- -31,065.00		(18,640.00)	-			- (4,970.00)	- -	(23,610.00)	7,455.00
32 Office 5/10/2017 Equipment	2,558.00		-	- -2,558.00		(1,535.00)	-			- (409.00)	- -	(1,944.00)	614.00
33 Office 5/23/2017 Equipment	3,407.00		-	- -3,407.00		(2,045.00)	-			- (545.00)	- -	(2,590.00)	817.00
34 Office 5/23/2017 Equipment	2,806.00		-	- -2,806.00		(1,684.00)	-			- (449.00)	- -	(2,133.00)	673.00
35 Truck 5/1/2017	41,000.00		-	- -41,000.00		(24,600.00)	-			- (6,560.00)	- -	(31,160.00)	9,840.00
36 Warehouse5/12/2017 Equipment	17,080.00		-	- -17,080.00		(9,760.00)	-			- (2,091.00)	- -	(11,851.00)	5,229.00
37 Warehouse7/5/2017 Equipment	46,312.00		-	- -46,312.00		(26,464.00)	-			(5,671.00)	- -	(32,135.00)	14,177.00
38 Warehouse8/8/2017 Equipment	3,694.00		-	- -3,694.00		(2,111.00)	-			- (452.00)	- -	(2,563.00)	1,131.00
39 Building 3/13/2017 Improvements	306,726.00		-	- -306,726.00		(6,226.00)	-			- (7,865.00)	- -	(14,091.00)	292,635.00
40 3/30/2017 Architectural Costs	15,000.00		-	- -15,000.00		(305.00)	-			- (385.00)	- -	(690.00)	14,310.00
41 Building 4/7/2017 Improvements	100,000.00		-	- -100,000.00		(1,816.00)	-			- (2,564.00)	- -	(4,380.00)	95,620.00
43 Leasehold5/31/2017 Improvements	980,953.00		-	- -980,953.00		(515,001.00)	-			- (46,595.00)	- -	(561,596.00)	419,357.00
44 Building 4/25/2017 Improvements	25,000.00		-	- -25,000.00		(454.00)	-			- (641.00)	- -	(1,095.00)	23,905.00
45 Building 4/26/2017 Improvements - Alarm	43,198.00		-	- -43,198.00		(785.00)	-			- (1,108.00)	- -	(1,893.00)	41,305.00
46 Land 5/25/2017 Improvements	3,926.00		-	- -3,926.00		(2,061.00)	-			- (187.00)	- -	(2,248.00)	1,678.00
47 6/5/2017 Architectural Costs	14,661.00		-	- -14,661.00		(204.00)	-			- (376.00)	- -	(580.00)	14,081.00
48 7/25/2017 Architectural Costs	5,359.00		-	- -5,359.00		(63.00)	-			- (137.00)	- -	(200.00)	5,159.00
49 Building 6/23/2017 Improvements	78,610.00		-	- -78,610.00		(1,092.00)	-			- (2,016.00)	- -	(3,108.00)	75,502.00
50 Machinery8/11/2017 & Equipment	5,200.00		-	- -5,200.00		(3,120.00)	-			- (832.00)	- -	(3,952.00)	1,248.00
51 Machinery8/18/2017 & Equipment	2,925.00		-	- -2,925.00		(1,756.00)	-			- (468.00)	- -	(2,224.00)	701.00
52 Building 8/23/2017 Improvements	2,550.00		-	- -2,550.00		(24.00)	-			- (65.00)	- -	(89.00)	2,461.00
53 Building 9/5/2017 Improvements	7,538.00		-	- -7,538.00		(56.00)	-			- (193.00)	- -	(249.00)	7,289.00
54 HVAC's 5/31/2017	128,016.00		-	- -128,016.00		(2,051.00)	-			- (3,282.00)	- -	(5,333.00)	122,683.00
55 Water 5/31/2017 Filtration	17,307.00		-	- -17,307.00		(10,385.00)	-			- (2,769.00)	- -	(13,154.00)	4,153.00
56 Bench 5/31/2017 System	21,595.00		-	- -21,595.00		(12,341.00)	-			- (2,644.00)	-	(14,985.00)	6,610.00
57 Lighting 5/31/2017	29,133.00		-	- -29,133.00		0 (16,648.00)	-			- (3,567.00)	- -	(20,215.00)	8,918.00
63 Leasehold 02/27/2018 Improvements		-	8,990.00	- -8,990.00				- - -		(202.00)	- -	(202.00)	8,788.00
64 Leasehold 03/15/2018 Improvements		-	5,981.50	- -5,981.50				- - -		(121.00)	- -	(121.00)	5,860.50
65 Leasehold 04/17/2018 Improvements		-	5,981.50	- -5,981.50				- - -		(108.00)	- -	(108.00)	5,873.50
66 Leasehold 06/04/2018 Improvements		-	350,000.00	- -350,000.00				- - -		(4,861.00)	- -	(4,861.00)	345,139.00

67 Leasehold Improvements	06/13/2018		-	150,000.00 - -150,000.00		- - -		(2,083.00) - - (2,083.00) 147,917.00
68 Leasehold Improvements	06/18/2018		-	9,500.00 - -9,500.00		- - -		(132.00) - - (132.00) 9,368.00
69 Leasehold Improvements	07/16/2018		-	128,315.29 - -128,315.29		- - -		(1,508.00) - - (1,508.00) 126,807.29
70 Leasehold Improvements	07/26/2018		-	26,470.23 - -26,470.23		- - -		(311.00) - - (311.00) 26,159.23
71 Leasehold Improvements	07/27/2018		-	200,000.00 - -200,000.00		- - -		(2,350.00) - - (2,350.00) 197,650.00
72 Leasehold Improvements	07/30/2018		-	3,200.00 - -3,200.00		- - -		(38.00) - - (38.00) 3,162.00
73 Leasehold Improvements	08/03/2018		-	100,000.00 - -100,000.00		- - -		(962.00) - - (962.00) 99,038.00
74 Leasehold Improvements	08/08/2018		-	6,546.03 - -6,546.03		- - -		(63.00) - - (63.00) 6,483.03
75 Leasehold Improvements	08/08/2018		-	12,694.34 - -12,694.34		- - -		(122.00) - - (122.00) 12,572.34
76 Leasehold Improvements	08/09/2018		-	400,000.00 - -400,000.00		- - -		(3,846.00) - - (3,846.00) 396,154.00
77 Leasehold Improvements	08/17/2018		-	140,000.00 - -140,000.00		- - -		(1,346.00) - - (1,346.00) 138,654.00
78 Leasehold Improvements	08/17/2018		-	200,000.00 - -200,000.00		- - -		(1,923.00) - - (1,923.00) 198,077.00
79 Leasehold Improvements	08/23/2018		-	5,089.59 - -5,089.59		- - -		(49.00) - - (49.00) 5,040.59
80 Leasehold Improvements	08/31/2018		-	100,000.00 - -100,000.00		- - -		(962.00) - - (962.00) 99,038.00
81 Leasehold Improvements	10/12/2018		-	2,725.00 - -2,725.00		- - -		(15.00) - - (15.00) 2,710.00
82 Leasehold Improvements	11/01/2018		-	147,560.00 - -147,560.00		- - -		(473.00) - - (473.00) 147,087.00
83 Leasehold Improvements	11/16/2018		-	14,905.00 - -14,905.00		- - -		(48.00) - - (48.00) 14,857.00
84 Leasehold Improvements	11/20/2018		-	25,800.00 - -25,800.00		- - -		(83.00) - - (83.00) 25,717.00
85 Leasehold Improvements	12/14/2018		-	100,000.00 - -100,000.00		- - -		(107.00) - - (107.00) 99,893.00
86 Cultivation Expansion	03/06/2018		-	19,193.00 - -19,193.00		- - -		(390.00) - - (390.00) 18,803.00
87 Cultivation Expansion	03/26/2018		-	100,000.00 - -100,000.00		- - -		(2,030.00) - - (2,030.00) 97,970.00
88 Cultivation Expansion	05/17/2018		-	100,000.00 - -100,000.00		- - -		(1,603.00) - - (1,603.00) 98,397.00
89 Lab Equipment	02/22/2018	0	30,674.0	30,674.00	- -	- - (30,674 00)	(30,674.00)	-
90 Lab Equipment	02/28/2018	0	10,100.0	10,100.00	- -	- - (10,100 00)	(10,100.00)	-
91 Lab Equipment	06/12/2018	6	52,167.1	52,167.16	- -	- - (52,167 16)	(52,167.16)	-
92 Lab	06/12/2018							

Equipment			10,100.0	10,100.00		(10,100 00)		(10,100.00)		
	0									
93 Lab	06/15/2018			-		-	-	-	-	
Equipment			7,036.2	7,036.25		(7,036.25)		(7,036.25)		
	5									
	-		-	- -		-	-	-	-	
		-				-		-		
42 Licenses	5/31/2017	1,443,224.00	- -	- 1,443,224.00	(56,125.00) -	-	(96,215.00) -		- (152,340.00)	1,290,884.00
		3,710,863.00	2,473.028.89 -	- 6,183,891.89	(913,405.00) -	(110,077.41)	(267,748.00) -		- (1,291,230.41)	4,892,661.48

Schedule 4.10(b)
Intellectual Property

All intellectual property rights to those biological assets such as strains and genetics currently located within the Leased Premises of Seller, and any biological assets or inventory resulting therefrom entered into Metrc following June 16, 2020 and up through the Effective Date of this Agreement.

Schedule 4.11

Contracts

(i)
None.

(ii)
1.Lease Agreement, dated April 7, 2017, by and between Waters Technologies Corporation and West Coast Development Nevada, LLC (the "Nevada Waters Tech Agreement").

(iii)
1. The Option.

(iv)
1. The Option

2. The Nevada Lease.

4. The Nevada Waters Tech Agreement.

(iv)
None.

(vi)
None.

(vii)
None.

(viii)

1. The Jeff Nagel Settlement Agreement.

2. The Option.

(ix)

1. The DCL Loan.

2. The B Nevada Loan.

3. Promissory Note, dated May 2, 2017, by W The Brand LLC, in favor of Brian M. Dominick, as modified by that certain Loan Modification Agreement, dated September 7, 2017, by and among W The Brand, LLC, Brian M. Dominick, R. Scott Coffman, Morehead Food & Beverage, Inc. KCD Holdings, LLC, BDWK, LLC, Morehead Tyron Properties, LLC, and Midnight Diner, LLC, and that certain Second Loan Modification, dated October 31, 2018 (collectively, the "Dominick Loan").

4. The Nevada Lease.

(x)
None.

(xi)

1. The Sean Corrigan Employment Agreement

2. The Restricted Equity Grant.

(xii)
None.

(xiii)

1. The Restricted Equity Grant.

2. The DCL Loan.

3. The B Nevada Loan.

(xiv)
None

(xv)
None.

(xvi)
None

(xvii)
None.

(xviii)

1. The Nevada Lease.

(xix)

None.

(xx)
None.

(xxi)
None.

Schedule 4.12(a) and (b)
Employee Census

(a) Employee Census

1. See attached.

(b) Fringe Benefits

1. See attached.

Schedule 4.12(c)
Labor Matters

1. On March 4, 2019, Mindy Coats, a former Regional Sales Manager of W Vapes and Seller, filed a complaint in the Eighth Judicial District Court of Clark County, Nevada (Case No. A-19790393-C), alleging that she was owed 5% in commissions on her gross sales and was only paid 2.5% commission. The complaint seeks relief for (i) wage and benefits deprivation; (ii) failure to timely pay all wages due and owing upon termination pursuant to NRS 608.140 and 608.020.050; and (iii) unjust enrichment/quantum meruit.

Schedule 4.15(a)
Compliance with Laws; Permits

1. Seller may be in violation of Clark County law requiring a Clark County Marijuana Support Business License be obtained by a purchaser of a business during the transition period after its purchase of the Nevada licenses from the Sweet Goldy, LLC and Sweet Goldy Production, LLC until such time as those licenses are transferred to West Coast Development Nevada, LLC. To date, Nevada Seller has not obtained such Clark County Marijuana Support Business License.

Schedule 4.17
Environmental Matters

None.

Schedule 4.18(a)

Insurance Policies

Insurer	Policy No.	Nature of Coverage	Risk Insured	Deductible	Policy Period
Traveler's Property and Casualty Company of America	6JUB-1K47406-A-18	Workers Compensation and Employers Liability Policy	Bodily Injury by Accident; Bodily Injury by Disease	N/A	06/30/2018 – 06/30/2019
Country Preferred Insurance Company	P27A5108162	Automobile Policy	Bodily Injury Liability; Property Damage Liability	$500	05/27/2019 – 11/27-2019

Exhibit 2.3

Certain identified information has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential.

THIS SHARE EXCHANGE AGREEMENT made as of the 26th day of April, 2018. **AMONG:**

MM DEVELOPMENT COMPANY, INC., a corporation existing under the laws of the State of Nevada

(hereinafter called the "**Corporation**")

OF THE FIRST PART

AND:

CARPINCHO CAPITAL CORP., a corporation existing under the federal laws of the Canada

(hereinafter called the "**Acquiror**")

OF THE SECOND PART

AND:

ALL OF THE SHAREHOLDERS OF THE CORPORATION AS SET OUT IN SCHEDULE "A" HERETO

(hereinafter called the "**Shareholders**")

WHEREAS the Shareholders wish to transfer, and the Acquiror wishes to acquire from the Shareholders all of the Acquired Corporation Shares (as defined below), for the consideration and upon the terms and conditions set forth in this Agreement;

AND WHEREAS the parties intend that the Transaction will constitute as a single integrated transaction qualifying for tax-deferred treatment under Section 351 of the *U.S. Internal Revenue Code* ("**Code**") and that, upon completion of the Transaction, the Acquiror shall be treated as a U.S. domestic corporation for U.S. federal income tax purposes under Section 7874(b) of the Code.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Where used herein or in any amendments or schedules hereto, the following terms shall have the following meanings:

"**Accounts Receivable**" means accounts receivable, bills receivable, trade accounts, book debts and insurance claims recorded as receivable in the Books and Records and other amounts due or deemed to be due to the Corporation including refunds and rebates receivable to the extent reflected in the Financial Statements of the Corporation;

"**Acquiror Public Disclosure Record**" means the Acquiror's publically filed documents, as filed on the System for Electronic Document Analysis and Retrieval (SEDAR);

"**Acquiror Shareholder Approval**" means the approval by the shareholders of the Acquiror of the Transaction Resolutions by unanimous written consent resolution;

"**Acquiror Shares**" means the common shares in the capital of the Acquiror as currently constituted;

"**Acquiror Special Warrants**" means special warrants to acquire Acquiror Shares;

"**Acquired Corporation Shares**" means, collectively, the 25,300,000 Corporation Shares and the 49,700,000 Corporation Non-Voting Shares to be held collectively by the Shareholders as of the Closing Date, as set out in Schedule "A" hereto;

"**Acquisition Price**" has the meaning ascribed to such team in Section 2.3 hereof;

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any *bona fide* offer, proposal, expression of interest, or inquiry from any Person (other than the Acquiror or any of its affiliates) made after the date hereof relating to:

(a) any acquisition or sale, direct or indirect, whether in a single transaction or a series of related transactions, of: (i) assets of the Corporation or the Acquiror, as the case may be, that constitutes 50% or more of the fair market value of the assets of the Corporation or the Acquiror, as the case may be; or (ii) 50% or more of any voting or equity securities of the Corporation or the Acquiror; or

(b) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Corporation or the Acquiror;

"**Agreement**" means this Agreement and all amendments made hereto by written agreement signed by the parties and includes the schedules hereto;

"**Amalco**" means the company resulting from the Amalgamation;

"**Amalgamation**" means the amalgamation of a wholly-owned subsidiary of the Acquiror with Finco, to be set out in an agreement among Acquiror, a wholly-owned subsidiary of the Acquiror, and Finco, in connection with the completion of the Transaction;

"**Applicable Laws**" means, in relation to any person or persons, applicable Securities Laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or licence, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Entity that are applicable to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity, having jurisdiction over the person or persons or its or their business, undertaking, property or securities;

"**Assets**" includes all assets of the Corporation, including Intellectual Property, having a fair market value in excess of $5,000, and includes, but is not limited to, all of the assets to be described in the Financial Statements of the Corporation;

"**Authorizations**" means all required corporate, regulatory and shareholder approvals, consents, authorizations and waivers relating to (i) the consummation of the transactions contemplated by this Agreement, (ii) the Transaction, (iii) the Amalgamation; and (iv) the Stock Exchange Listing, shall have been obtained on terms and conditions satisfactory to the parties, acting reasonably;

"**Books and Records**" means books and records of the Corporation relating to the Corporation, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, formulae, business reports, plans and projections and all other documents, surveys, plans, files, records, assessments, correspondence, and other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media;

"**Brokered Financing**" means the brokered financing of Finco Subscription Receipts to be completed prior to the Closing for gross proceeds of up to $25 million; the net proceeds of which will be placed in escrow and released to Finco, and the Finco Subscription Receipts will automatically be converted into Finco Units, on satisfaction of certain escrow release conditions, and each Finco Share will then be exchanged for one Resulting Issuer Share and each Finco Warrant will then be exchanged for one Resulting Issuer Warrant, respectively, in connection with the Transaction and the Amalgamation;

"**Business**" means the business carried on by the Corporation which involves the cultivation, extraction, production, and sale of cannabis and cannabis-related products including ancillary activities related thereto, as more particularly described in the Listing Statement;

"**Business Day**" means any day which is not a Saturday, Sunday or a statutory holiday in the Province of Ontario;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44, as amended and any legislation enacted in substitution therefor;

"**CSE**" means the Canadian Securities Exchange;
"**Closing Date**" has the meaning ascribed to such term in Section 2.9 hereof; "**Closing**" has the meaning ascribed to such term in Section 2.9 hereof;
"**Code**" means the United States Internal Revenue Code of 1986, as amended;

"**Consideration Shares**" means, collectively, the Resulting Issuer Shares and the Restricted Shares, all as more particularly set forth in Schedule "A" hereto;

"**Consolidation**" means the consolidation of the Acquiror Shares on the basis of 0.875 of a new Acquiror Share for every one existing Acquiror Share;

"**Copyright**" means all rights, titles, interests and benefits in and to (a) all copyright and neighbouring rights in the Works, (b) all registrations for copyright and neighbouring rights, pending applications for registrations of copyright and neighbouring rights, and rights to file applications for registrations of copyright and neighbouring rights for the Works, and (c) all sui generis rights in the Databases.

"**Corporation Board**" means the board of directors of the Corporation;

"**Corporation Nominee**" means each director of the Resulting Issuer who is nominated by the Acquiror, on the recommendation of the Corporation, prior to the completion of the Transaction;

"**Corporation Non-Voting Shares**" means the class B common non-voting shares in the capital of the Corporation;

"**Corporation Shareholder Approval**" means the approval by the shareholders of the Corporation of the Corporation Transaction Resolution by unanimous written consent resolution;

"**Corporation Shares**" means the class A common voting shares in the capital of the Corporation;

"**Corporation Transaction Resolution**" means the resolution of the Shareholders approving the Transaction;

"**Databases**" has the meaning set out in the definition of Works.

"**Encumbrances**" means any and all claims, liens, security interests, mortgages, pledges, preemptive rights, charges, options, equity interests, encumbrances, proxies, voting agreements, voting trusts, leases, tenancies, easements or other interests of any nature or kind whatsoever, howsoever created, but shall not include: (i) an encumbrance for Taxes not yet due and delinquent; (ii) inchoate or statutory encumbrances of contractors, subcontractors, mechanics,

workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of the Assets, provided that such encumbrances are related to obligations not due or delinquent and in respect of which adequate holdbacks are being maintained as required by Applicable Law; and (iii) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of either Party, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance;

"**Environmental Laws**" means all applicable federal, provincial, state, local and foreign laws, imposing liability or standards of conduct for, or relating to, the regulation of activities, materials, substances or wastes in connection with, or for, or to, the protection of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation);

"**Environmental Liabilities**" means, with respect to any Person, all liabilities, remedial and removal costs, investigation costs, capital costs, operation and maintenance costs, losses, damages, (including punitive damages, property damages, consequential damages and treble damages), costs and expenses, fines, penalties and sanctions incurred as a result of, or related to, any claim, suit, action, administrative order, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law arising under, or related to, any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release or presence of a Hazardous Substance whether on, at, in, under, from or about or in the vicinity of any real or personal property;

"**Environmental Permits**" means all permits, licenses, written authorizations, certificates, approvals, program participation requirements, sign-offs or registrations required by or available with or from any Governmental Entity under any Environmental Laws;

"**Financial Statements of the Corporation**" means the audited financial statements of the Corporation for the fiscal years ended December 31, 2017 and December 31, 2016, consisting of the balance sheet and the income statement, to be prepared in accordance with Applicable Laws and the regulations of the CSE in connection with the listing of the Resulting Issuer Shares and to be filed in the listing statement of the Acqurior on SEDAR in connection with the Transaction;

"**Finco**" means 10653918 Canada Inc., a company existing under the federal laws of Canada;

"**Finco Financing**" means, collectively, the Brokered Financing and the Non-Brokered Financing;

"**Finco Shares**" means common shares in the authorized share capital of Finco;

"**Finco Subscription Receipts**" means subscription receipts of Finco issued in the Finco Financing at a price of $0.80 per subscription receipt, which will automatically be converted into Finco Units immediately prior to the completion of the Transaction;

"**Finco Units**" means the units of Finco to be issued on exercise or deemed exercise of the Finco Subscription Receipts, each such unit consisting of one (1) Finco Share and one-half of one Finco Warrant;

"**Finco Warrants**" means the whole share purchase warrants issued to holders of Finco Subscription Receipts upon satisfaction of certain escrow release conditions, each whole such Finco Warrant entitling the holder thereof to purchase one (1) Finco Share at a price of $1.40 per share for a period of 24 months following the satisfaction of certain escrow release conditions;

"**Governmental Entity**" means any applicable: (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; (c) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; or (d) stock exchange, including the CSE;

"**Hazardous Substance**" means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, or material, including petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material or contaminant regulated or defined under any Environmental Law;

"**IFRS**" means the International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**Information Technology**" means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), programs, websites for the Corporation, databases, telecommunications equipment and facilities and other information technology systems owned, used or held by the Corporation;

"**Intellectual Property**" means intellectual property rights, whether registered or not, owned, licensed or used, throughout the world, including:

(c) inventions, algorithms, methods, procedures, techniques, instructions, guides, manuals, samples, specifications, schematics, invention disclosures, statutory invention registrations, trade secrets and confidential business information, know-how, manufacturing and product processes and techniques, research and development information, records, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, whether patentable or non-patentable, whether copyrightable or non-copyrightable and whether or not reduced to practice;

(d) patents, pending patent applications, utility models, design registrations and certificates of invention and other governmental grants for the protection of

inventions or industrial designs (including divisionals, reissues, renewals, reexaminations, continuations, continuations-in-part and extensions);

(e) trade-marks and service marks, trade dress, trade-names, corporate names, business names, doing business designations, logos, slogans, distinguishing guises, other indicia of origin and all registrations and applications for registration thereof, common law trademarks and service marks and all goodwill associated with the foregoing;

(f) all rights, titles, interests and benefits in and to the Works, including the Copyright and the moral rights and all waivers of moral rights in the Works;

(g) all rights, titles, interests and benefits in and to the Know-How;

(h) industrial designs and all registrations thereof;

(i) Information Technology and all registrations thereof;

(j) mask works, semiconductor topologies, integrated circuit topographies and registrations and applications for registration thereof; and

(k) other proprietary rights relating to any of the foregoing, whether recognized by statutory law or common or civil law (including remedies against infringement thereof and rights of protection of interest therein under Applicable Laws);

(l) income and proceeds from any of the intellectual property listed in paragraphs (c) to (k) above;

(m) rights to damages and profits by reason of the infringement of any of the intellectual property described in items (c) to (k) above; and

(n) goodwill associated with any of the foregoing;

"**Know-How**" means all know-how, trade secrets, proprietary information, confidential information and information of a sensitive nature used by the Corporation in the Business that have value to the Business or relate to business opportunities for the Corporation, in whatever form communicated, maintained or stored, including (a) all formulae, recipes, algorithms, business methods, technical processes, specifications, manuals, drawings, prototypes, models, corporate plans, management systems and techniques, (b) all information relating to the research, development, manufacture, marketing, sales or post-sales activities of any past, present or future goods or services, including lab journals, notebooks, design documentation, engineering documentation, manufacturing documentation, costing information, advertising plans, pricing information, customer names, customer lists and other details of customers, supplier names, supplier lists and other details of suppliers, sales targets, sales statistics, market share information, market research and survey information;

"**Leased Real Property**" means lands and/or premises which are used by the Corporation and which are leased, subleased, licensed to or otherwise occupied by the Corporation;

"**Letter Agreement**" means the letter agreement dated February 13, 2018 between the Acquiror and Corporation, as amended on March 8, 2018;

"**Licensed IP**" means the Intellectual Property that is necessary and material to the business of the Corporation as presently conducted or as proposed to be conducted and that is owned by any person other than the Corporation;

"**Listing Statement**" means the listing statement of the Acquiror in accordance with requirements of the CSE in respect of the Transaction;

"**Material Adverse Change**" means a change with respect to a Person that would have a Material Adverse Effect;

"**Material Adverse Effect**" means, in respect of any Person, any change, effect, event, circumstance, fact or occurrence that individually or in the aggregate with other such changes, effects, events, circumstances, facts or occurrences, is or would reasonably be expected to be, material and adverse to the business, condition (financial or otherwise), properties, prospects, assets (tangible or intangible), liabilities (including any contingent liabilities), operations or results of operations of that Person and its subsidiaries, taken as a whole, except any change, effect, event, circumstance, fact or occurrence resulting from or relating to: (i) the announcement of the execution of this Agreement or the transactions contemplated hereby; (ii) general political, economic or financial conditions in Canada or the United States of America; (iii) the state of securities or commodity markets in general (provided that it does not have a materially disproportionate effect on that Person relative to comparable cannabis companies); (iv) any natural disaster or the commencement or continuation of any war, armed hostilities or acts of terrorism (provided that it does not have a materially disproportionate effect on that Person relative to comparable cannabis companies); or (v) any decrease in the trading price or any decline in the trading volume of that Person's common shares (it being understood that the causes underlying such change in trading price or trading volume (other than those in items (i) to (v) above) may be taken into account in determining whether a Material Adverse Effect has occurred);

"**Material Contract**" is any contract material to the business, prospects or affairs of the Corporation and includes but is not limited to, those Material Contracts listed in Schedule "B" attached hereto;

"**Non-Brokered Financing**" means the non-brokered financing of Finco Subscription Receipts to be completed prior to the Closing for gross proceeds of up to $5 million; the gross proceeds of which will be placed in escrow and released to Finco, and the Finco Subscription Receipts will automatically be converted into Finco Units, on satisfaction of certain escrow release conditions, and each Finco Share will then be exchanged for one Resulting Issuer Share and each Finco Warrant will then be exchanged for one Resulting Issuer Warrant, respectively, in connection with the Transaction and the Amalgamation;

"**Owned Real Property**" means real property owned by the Corporation, and real property, other than Leased Real Property, in which the Corporation has an ownership interest;

"**Permit**" means any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity;

"**Person**" includes an individual, partnership, association, unincorporated organization, trust and corporation and a natural person acting in such person's individual capacity or in such person's capacity as trustee, executor, administrator, agent or other legal representative;

"**Personally Identifiable Information**" means any information that alone or in combination with other information held by the Corporation can be used to specifically identify a person including but not limited to a natural person's name, street address, telephone number, e-mail address, photograph, social insurance number, driver's license number, passport number, credit or debit card number or customer or financial account number or any similar information that is treated as "Personally Identifiable Information" under any Applicable Laws;

"**Real Property Leases**" means contracts pursuant to which the Corporation uses or occupies the Leased Real Property;

"**Release**" means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Substance in the indoor or outdoor environment, including the movement of Hazardous Substance through or in the air, soil, surface water, groundwater or property;

"**Representatives**" means, collectively, in respect of a Person, (a) its directors, officers, employees, agents, representatives and any financial advisor, law firm, accounting firm or other professional firm retained to assist the Person in connection with the transactions contemplated in this Agreement, and (b) the Person's affiliates and subsidiaries and the directors, officers, employees, agents and representatives and advisors thereof;

"**Restricted Shares**" means the Class A Restricted Voting Shares in the capital of the Resulting Issuer having the terms and conditions in substantially the form set out in Schedule "C" hereto and to be received by the Shareholders as set forth in Schedule "A" hereto;

"**Resulting Issuer**" means the Acquiror following the Consolidation and the completion of the Transaction, and to be renamed "Planet 13 Holdings Inc.", or such other name as determined by the directors of the Acquiror;

"**Resulting Issuer Shares**" means common shares in the capital of the Resulting Issuer;

"**Resulting Issuer Warrant**" means common share purchase warrants to acquire Resulting Issuer Shares;

"**Securities Authorities**" means the securities commissions or other securities regulatory authorities in Alberta, British Columbia, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, and Quebec, and each of the other provinces and territories of Canada;

"**Securities Act**" means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**Securities Laws**" means the Securities Act, together with all applicable Canadian provincial securities laws, rules and regulations and published policies thereunder as now in effect and as they may be promulgated or amended from time to time;

"**Shareholders**" means, collectively, the holders of an aggregate of 25,300,000 Corporation Shares and 49,700,000 Corporation Non-Voting Shares, as listed in Schedule "A";

"**Software**" means all computer programs and all updates, upgrades and all versions thereof owned or licensed, by the Corporation and developed, sold, licensed to third parties, marketed or supported by the Corporation in its normal course of business, including but not limited to all computer software code, applications, utilities, development tools, diagnostics, databases and embedded systems, whether in source code, interpreted code or object code form, program files, data files, computer related data, field and data definitions and relationships, data definitions specifications, data models, programs and systems logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequence and organization, screen displays and report layouts;

"**Stock Exchange Listing**" means the conditional approval of CSE for the listing of the Consideration Shares on the CSE;

"**Tangible Personal Property**" means machinery, equipment, furniture, furnishings, office equipment, computer hardware, vehicles and tangible assets owned and currently used by the Corporation, excluding all obsolete and non-functional assets of the Corporation;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time;

"**Taxes**" in respect of a Party means: any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits, taxes (including federal, provincial, state, municipal and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, *ad valorem* taxes, excise taxes, goods and services taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business license taxes, alternative minimum taxes, estimated taxes, abandoned or unclaimed (*escheat*) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers' compensation, Canada, United States, Nevada, Ontario, and other government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which such Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may

become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not;

"**Technical Information**" means know-how and related technical knowledge owned, used or held by the Corporation, including: (a) trade secrets, confidential information and other proprietary know-how; (b) public information and non-proprietary know-how; (c) information of a scientific, technical, financial or business nature regardless of its form; (d) uniform resource locators, domain names, telephone, telecopy, internet protocol and email addresses, and UPC consumer packaging codes; and (e) documented research, forecasts, studies, marketing plans, budgets, market data, developmental, demonstration or engineering work, information that can be used to define a design or process or procure, produce, support or operate material and equipment, methods of production and procedures, all formulas and designs and drawings, blueprints, patterns, plans, flow charts, parts lists, manuals and records, specifications, and test data;

"**Technology**" means Intellectual Property, Technical Information and Information Technology;

"**Termination Date**" has the meaning ascribed to such term in Section 13.1(d) hereof;

"**Time of Closing**" has the meaning ascribed to such term in Section 2.9 hereof;

"**Transaction**" means, together with the Amalgamation, the exchange by the Shareholders of the Acquired Corporation Shares for the Consideration Shares as contemplated in Sections 2.1 and 2.3, and the liquidation of Amalco under Section 2.4;

"**Transaction Resolutions**" has the meaning set out in Section 6.1(a);

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended; and

"**Works**" means all works and subject matter used by the Corporation in the Business, in which copyright, neighbouring rights or moral rights subsist, including (a) all Software, (b) all databases and database layouts (the "**Databases**"), (c) all documents and other works relating to the Software or the Databases, (d) all other literary, artistic, pictorial, graphic, musical, dramatic and audio-visual works, (e) all performer's performances, sound recordings, and other neighbouring works, (f) all compilations of the foregoing, and (g) all derivatives, enhancements and modifications of the foregoing.

1.2 Parties

The Corporation, the Acquiror and each person or entity that becomes a party hereto in accordance with the terms hereof are collectively referred to as "**Parties**" and individually as a "**Party**".

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or

interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section or Schedule by number or letter or both refer to the Article, Section or Schedule, respectively, bearing that designation in this Agreement.

1.4 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and *vice versa*, and words importing gender include all genders.

1.5 Date for Any Action

If the date on or by which any action is required or permitted to be taken hereunder by a Party is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

1.6 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and "$" refers to Canadian dollars.

1.7 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS consistently applied.

1.8 Knowledge

In this Agreement, references to "the knowledge of the Corporation" means the actual collective knowledge of Robert A. Groesbeck and Larry Scheffler, in their respective capacities as Co-Chief Executive Officers of the Corporation.

In this Agreement, references to "the knowledge of the Acquiror" means the actual knowledge of Lonnie Kirsh in his capacity as President, Chief Executive Officer, and acting Chief Financial Officer of the Acquiror.

1.9 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule "A"	Shareholders of the Corporation
Schedule "B"	Material Contracts of the Corporation
Schedule "C"	Restricted Share Terms
Schedule "D"	Consents and Approvals
Schedule "E"	Owned and Leased Real Property

ARTICLE 2
AGREEMENT TO EXCHANGE AND CANCEL

2.1 Subject to the terms and conditions hereof, and immediately after the completion of the Amalgamation, at the Time of Closing, and for greater certainty, concurrently with the closing of the Transaction and the Stock Exchange Listing, the Shareholders shall transfer to the Acquiror, and the Acquiror shall accept from the Shareholders, the Acquired Corporation Shares held by the Shareholders and the Shareholders shall deliver to the Acquiror certificates representing the Acquired Corporation Shares, duly endorsed in blank for transfer, registered in the name of the Acquiror or accompanied by duly executed powers of attorney in respect thereof for the transfer of Acquired Corporation Shares to the Acquiror.

2.2 U.S. Tax Treatment. The parties to this Agreement intend that the Transaction contemplated by this Agreement shall constitute a single integrated transaction which qualifies as tax-deferred exchange pursuant to Section 351 of the Code. In connection with the Transaction and at all times from and after the Closing, the parties agree to treat Resulting Issuer as a United States domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code. No party shall take any action, fail to take any action, cause any action to be taken or cause any action to fail to be taken that could reasonably be expected to prevent: (i) the Transaction from qualifying as a tax-deferred transaction within the meaning of Section 351 of the Code; or (ii) the Resulting Issuer from being treated as a United States domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code. Each party hereto agrees to act in good faith, consistent with the intent of the parties and the intended U.S. federal income tax treatment of the Transaction as set forth in this Section 2.2 and Section 2.3. Notwithstanding the foregoing, none of the Shareholders, the Acquiror, the Corporation nor the Resulting Issuer makes any representation, warranty or covenant to any other party or to any Shareholder equity holder, Acquiror equity holder, Corporation equity holder or Resulting Issuer equity holder (including, without limitation, stock, membership interests, options, warrants, debt instruments or other similar rights or instruments) regarding the U.S. tax treatment of the transactions contemplated by this Agreement.

2.3 The acquisition price (the "**Acquisition Price**") for the Acquired Corporation Shares shall be paid and satisfied by the issuance and delivery at the Time of Closing of the Consideration Shares by the Acquiror to the Shareholders in accordance with Schedule "A" hereto, and no other consideration.

2.4 As soon as reasonably practicable following the completion of the Transaction, the Resulting Issuer shall take all such necessary and reasonable steps required to effect a voluntary liquidation of Amalco under the CBCA.

2.5 The Parties acknowledge and agree that the maximum number of Consideration Shares issuable in exchange for the Acquired Corporation Shares pursuant to Section 2.1 shall be approximately 25,300,000 Resulting Issuer Shares and approximately 49,700,000 Restricted Shares. The Consideration Shares to be issued hereunder shall be issued as fully paid and non-assessable shares in the Resulting Issuer, free and clear of any and all Encumbrances.

2.6 The Shareholders acknowledge and agree with the Acquiror that a portion of the Consideration Shares to be issued as part of the Transaction will be subject to escrow requirements of the CSE, resale restrictions under applicable Securities Laws, the securities laws of the United States and/or the policies of the CSE, and that any escrowed Consideration Shares will not be transferable if such Consideration Shares are subject to resale restrictions and CSE escrow requirements, until the Consideration Shares are no longer subject to escrow restrictions and are released from escrow.

2.7 Restricted Share Provisions. The Restricted Shares of the Resulting Issuer shall have the rights, privileges, conditions and restrictions set forth in Schedule "C".

2.8 The Acquiror does not assume and shall not be liable for any taxes under the Tax Act, the
Code or any other taxes whatsoever which may be or become payable by the Shareholders including, without limiting the generality of the foregoing, any taxes resulting from or arising as a consequence of the sale by the Shareholders to the Acquiror of the Acquired Corporation Shares herein contemplated, and the Shareholders shall indemnify and save harmless the Acquiror from and against all such taxes.

2.9 The Transaction shall be closed (the "**Closing**"), at the offices of the Corporation's

Canadian counsel, Cassels Brock & Blackwell LLP, at 8:30 a.m. local time in Toronto, Ontario (the "**Time of Closing**") on the day that all conditions contained in this Agreement have been met or waived (the "**Closing Date**").

2.10 Any cheque, document, instrument or thing which is to be delivered by any Party hereto at the Closing shall be tabled at a pre-Closing at the place of Closing referred to above by the Party which is to deliver such cheque, document, instrument or thing, and any cheque, document, instrument or thing so tabled by a Party hereto shall be held in escrow by counsel for such Party until the Time of Closing and released from escrow at the Time of Closing provided all cheques, documents, instruments and things which are to be delivered at the Closing are tabled in accordance with this section at the Closing.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

3.1 The Corporation hereby represents and warrants to the Acquiror as at the date hereof and
as at the Closing Date and acknowledges and confirms that the Acquiror is relying upon such representations and warranties in connection with the acquisition by the Acquiror of the Acquired Corporation Shares from the Shareholders as follows:

(a) Organization and Qualification. The Corporation is a corporation duly incorporated and validly existing under the Applicable Laws of the State of Nevada and has all necessary corporate or legal power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. A true and complete copy of the constating documents of the Corporation has been provided to the Acquiror. The Corporation is duly registered, licensed or otherwise authorized and qualified to do business and is in good standing in each jurisdiction in which

the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities, makes such qualification necessary, except where the failure to be so registered or in good standing or to have such permits would not have a Material Adverse Effect on the Corporation.

(b) Authority Relative to this Agreement. The Corporation has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by the Corporation as contemplated by this Agreement, and to perform its obligations hereunder and under such agreements and instruments. The execution and delivery of this Agreement by the Corporation and the performance by the Corporation of its obligations under this Agreement have been duly authorized by the Corporation Board in the manner contemplated herein, and subject to providing the Nevada Secretary of State under Chapter 78 of the Nevada Revised Statues any records, information or other documents required by it in connection with the Transaction, no other corporate proceedings on its part are necessary to authorize this Agreement. This Agreement has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(c) No Violation. Neither the authorization, execution and delivery of this Agreement by the Corporation nor the completion of the Transaction, nor the performance of its obligations herein, nor compliance by the Corporation with any of the provisions hereof will:

(i) result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to acquire or sale under, any provision of:

(A) its articles, charters or by-laws or other comparable organizational documents;

(B) any Permit or Material Contract to which the Corporation is a party or to which it, or any of its properties or assets, may be subject or by which it is bound; or

(C) any laws, regulation, order, judgment or decree applicable to the Corporation or any of its respective properties or assets;

(ii) give rise to any rights of first refusal or trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitation under any note, bond, mortgage, indenture, Material Contract, license, franchise or Permit, except, to the extent that any of the foregoing instruments are material to the Corporation, where waivers to such rights have been obtained by the Corporation;

(iii) give rise to any termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available;

(iv) result in the imposition of any Encumbrance upon any of the property or assets of the Corporation or restrict, hinder, impair or limit the ability of the Corporation to conduct the Business which would reasonably be expected to have a Material Adverse Effect on the Corporation; or

(v) result in any material payment (including retention, severance, unemployment compensation, golden parachute, bonus or otherwise) becoming due to any director, officer or employee of the Corporation, or increase any benefit payable to such director, officer or employee by the Corporation, or result in the acceleration of the time of payment or vesting of any such benefits.

Capitalization. The authorized share capital of the Corporation consists of 50,000,000 Corporation Shares with a par value of US$0.001 per Corporation Share, and 100,000,000 Corporation Non-Voting Shares with a par value of US$0.001 per Corporation Non-Voting Share, of which a total of 25,300,000 Corporation Shares (and no more) and the 49,700,000 Corporation Non-Voting Shares (and no more) will be will be validly issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation immediately prior to the Time of Closing. As of the date hereof, there are 25,300,000 Corporation Shares and 49,700,000 Corporation Non-Voting Shares issued and outstanding Corporation Shares. There are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by the Corporation of any securities of the Corporation (including Corporation Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of the Corporation (including Corporation Shares), provided, however, there may be options exercisable into Corporation Shares (at an exercise price not less than $0.80 per Corporation Share) and restricted share units of the Corporation outstanding immediately prior to the Closing Date. All outstanding Corporation Shares have been duly authorized and validly issued, are fully paid and non-assessable. All securities of the Corporation (including the Corporation Shares) have been issued in compliance with all Applicable Laws and Securities Laws. There are no securities of the Corporation outstanding which have the right to vote

generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Shareholders on any matter. There are no outstanding contractual or other obligations of the Corporation to repurchase, redeem or otherwise acquire any of its securities. There are no outstanding bonds, debentures or other evidences of indebtedness of the Corporation having the right to vote with the holders of the outstanding Corporation Shares on any matters.

(d) Ownership of Subsidiaries. The Corporation does not beneficially own, or exercise control or direction over, 10% or more of the outstanding voting shares of any company and does not own any securities or, have any interest in any joint venture entity or other Person.

(e) Non-reporting issuer. The Corporation is not a reporting issuer, as that term is defined by Securities Laws, there is no published market for the Acquired Corporation Shares and the number of holders of common shares in the capital of the Corporation as at the date hereof is not more than 50, exclusive of holders who

(i) are in the employment of the Corporation or an affiliate of the Corporation, or

(ii) were formerly in the employment of the Corporation or in the employment of an entity that was an affiliate of the Corporation at the time of that employment and who while in that employment were, and have continued after that employment to be, security holders of the Corporation.

(f) Books and Records. The financial books, records and accounts of the Corporation: (i) have been maintained in accordance with Applicable Laws; and (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions, acquisitions and dispositions of the assets of the Corporation.

(g) Minute Books. The corporate minute books of the Corporation contain resolutions of the Corporation Board and committees thereof, and shareholders or members, as applicable, held according to Applicable Laws and are complete and accurate in all material respects.

(h) No Proceedings. No proceedings have been taken, instituted or are pending for the dissolution, winding-up or liquidation of the Corporation and no board approvals have been given to commence any such proceedings.

(i) No Undisclosed Liabilities. At the time of Closing, the Corporation shall have no outstanding indebtedness, liability or obligation (including liabilities or obligations to fund any operations or work, to give any guarantees or for Taxes due), whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person which shall not be disclosed or reflected in the Financial Statements of the Corporation, other than those incurred in the ordinary course of business.

(j) No Material Change. Since March 31, 2018, except as contemplated by this Agreement, or otherwise disclosed to the Acquiror:

(i) the Corporation has conducted its business only in the ordinary and regular course of business;

(ii) there has not occurred any event that constituted or with the passage of time would constitute a Material Adverse Effect in respect of the Corporation;

(iii) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by the Corporation of any debt for borrowed money, any creation or assumption by the Corporation of any Encumbrance or any making by the Corporation of any loan, advance or capital contribution to or investment in any other Person;

(iv) there has been no dividend or distribution of any kind declared, paid or made by the Corporation on any Corporation Shares;

(v) the Corporation has not affected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Corporation Shares; and

(vi) there has not been any material increase in or modification of the compensation payable to or to become payable by the Corporation to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement made to, for or with any of such directors, officers, employees or consultants.

(k) Litigation. There is no claim, action, suit, grievance, complaint, proceeding or investigation that has been commenced or, to the knowledge of the Corporation, is threatened affecting the Corporation or affecting any of its property or assets at law or in equity before or by any Governmental Entity, including matters arising under Environmental Laws, which, individually or in the aggregate, if determined adversely to the Corporation, as the case may be, has or could reasonably be expected to result in liability to the Corporation. Neither the Corporation nor its respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree.

(l) Accuracy of Information. The Corporation has made available to the Acquiror all material information concerning the Corporation, and all such information as made available to the Acquiror is accurate, true and correct in all material respects.

(m) No Payments. There are no payments required to be made to directors, officers and employees of the Corporation as a result of the Transaction under any contract, settlements, bonus plans, retention agreements, change of control agreements and severance obligations (whether resulting from termination, change of control or alteration of duties).

(n) Taxes.

(i) Other than [REDACTED – COMMERCIALLY SENSITIVE INFORMATION], the Corporation has filed, caused, or will cause to be filed all returns required to be filed by Applicable Law on or before the Closing Date. All such filed returns are correct and complete in all material respects. Other than described above, the Corporation has timely paid all material Taxes that are due and payable by the Corporation, including all instalments on account of taxes for the current year that are due and payable by the Corporation whether or not assessed (or reassessed) by the appropriate Governmental Entity, and has, as applicable, timely remitted such Taxes to the appropriate Governmental Entity under Applicable Law. There are no Encumbrances for Taxes upon any of the assets or properties of the Corporation.

(ii) There is no material dispute or claim, including any audit, investigation or examination by any Governmental Entity, actual, pending or, to the knowledge of the Corporation, threatened, concerning any Tax liability of the Corporation, no written notice of such an audit, investigation, examination, material dispute or claim has been received by the Corporation.

(iii) The Corporation has not requested, or entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which:

(A) the Corporation is required to pay or remit any Taxes or amounts on account of Taxes (which have not since been paid or remitted); or

(B) any Governmental Entity may assess or collect Taxes for which the Corporation is liable.

(iv) Other than [REDACTED – COMMERCIALLY SENSITIVE INFORMATION], the Corporation has duly and timely deducted, collected or withheld from any amount paid or credited by it to or for the account or benefit of any Person and has duly and timely remitted the same (or is properly holding for such remittance) to the appropriate Governmental Entity all Taxes and amounts it is required by Applicable Law to so deduct or collect and remit. Any outstanding tax liability will

be accurately reflected in the audited financial statements of the Corporation for the fiscal years ended December 31, 2016 and 2017, and the Corporation has a plan for payment of all outstanding tax liabilities in place.

(v) The Corporation has not acquired property or services from, or disposed of property or provided services to, any Person with whom it does not deal at arm's length for an amount that is other than the fair market value of such property or services.

(vi) No written claim has ever been made by any Governmental Entity in a jurisdiction where the Corporation does not file returns that the Corporation is or may be subject to Taxes or is required to file returns in that jurisdiction.

(vii) There are no rulings or closing agreements issued to the Corporation which could affect the Corporation's liability for Taxes for any taxable period after the Closing Date other than rulings of general application. The Corporation has not requested an advance tax ruling from the Canada Revenue Agency or comparable rulings from other taxing authorities.

(o) Permits.

(i) To the knowledge of the Corporation, the Corporation has obtained and is in material compliance with all material Permits required by Applicable Laws, necessary to conduct its Business as now being conducted and as proposed to be conducted in the next 12 month period; and

(ii) to the knowledge of the Corporation, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in material compliance with such material Permits as are necessary to conduct the Business;

(p) Assets. Except with respect to Technology of which the Corporation is not the sole beneficial and registered owner and leased assets to be described in the Financial Statements of the Corporation, the Corporation is the beneficial owner of its Assets or interests therein, has good and marketable title to all of its Assets, no person has any contract or any right or privilege capable of becoming a right to purchase any personal property from the Corporation, and any and all agreements pursuant to which the Corporation holds any such interest in its Assets are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, and the Corporation is not, and will not be at the Time of Closing, in material default of any of the provisions of any such agreement nor has any default been alleged and, such Assets are in good standing under the applicable statutes, rules,

regulations, licenses and permits of the jurisdiction in which they are situated and all leases pursuant to which the Corporation derives its interest in such Assets are in good standing and there has been no default under any of such leases.

(q) Condition of Certain Assets. To the knowledge of the Corporation, the Tangible Personal Property is in good condition, repair and (where applicable) proper working order, reasonable wear and tear excepted having regard to its use and age, subject to normal maintenance and repair.

(r) Collectability of Accounts Receivable. To the knowledge of the Corporation and the Shareholders, the Accounts Receivable are good and collectible at the aggregate recorded amounts within one hundred and eighty (180) days from the Closing Date, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable to be set out in the Financial Statements of the Corporation, and are not subject to any defence, counterclaim or set off.

(s) Qualification to do Business. The Corporation is registered, licensed or otherwise qualified to do business under the Applicable Laws of Nevada and neither the character nor the location of the properties and assets owned by the Corporation nor the nature of the Business requires registration, licensing or other qualification under the Applicable Laws of any other jurisdiction, except where the failure to be so registered, licensed or otherwise qualified to do business would not have a Material Adverse Effect on the Corporation.

(t) Sanctions. neither the Corporation nor, to the knowledge of the Corporation, any director, officer, agent, employee or affiliate of the Corporation, has had any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department, the Government of Canada or any other relevant sanctions authority (collectively, "**Sanctions**") imposed upon such Person, and the Corporation is not in violation of any of the Sanctions or any law or executive order relating thereto, or is conducting business with any person subject to any Sanctions.

(u) Compliance with Anti-Corruption Laws. The Corporation has not violated the *Corruption of Foreign Public Officials Act* (Canada) or the *U.S. Foreign Corrupt Practices Act*, or the anti-corruption laws of any other jurisdiction where the Business is carried on.

(v) Anti-Money Laundering. The operations of the Corporation are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*, the *United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act*, and the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any Governmental Entity (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any

court or Governmental Entity or any arbitrator involving the Corporation with respect to the Money Laundering Laws is pending or, to the best knowledge of the Corporation, threatened.

(w) Intellectual Property.

(i) to the best of the Corporation's knowledge, the Corporation owns, or have obtained valid and enforceable licenses for, or other rights to use, the Intellectual Property; the Corporation has no knowledge that the Corporation lacks or will be unable to obtain any rights or licenses to use all Intellectual Property necessary and material for the conduct of the business of the Corporation; to the best of the Corporation's knowledge, no third parties have rights to any Intellectual Property of the Corporation, except for the ownership rights of the owners of the Licensed IP or except for any licenses of use granted by the Corporation therein; there is no pending or, to the best of the Corporation's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or enforceability of any Intellectual Property or the Corporation's rights in or to any Intellectual Property, the Corporation has no knowledge of any facts which form a reasonable basis for any such claim, and to the best of the Corporation's knowledge, there has been no finding of unenforceability or invalidity of the Intellectual Property; to the best of the Corporation's knowledge, there is no patent or published patent application that contains claims that interfere with the issued or pending claims of any of the Intellectual Property of the Corporation; and to the best of the Corporation's knowledge, there is no prior art that necessarily renders any patent application owned by the Corporation unpatentable that has not been disclosed to the US Patent and Trademark Office or any similar office in any other jurisdiction;

(ii) to the best of the Corporation's knowledge, other than Licensed IP, the Corporation is the legal and beneficial owners of, have good and marketable title to, and own all right, title and interest in all Intellectual Property free and clear of all Encumbrances or adverse interests whatsoever, covenants, conditions, options to acquire and restrictions or other adverse claims of any kind or nature which could, individually or in the aggregate, have a Material Adverse Effect, and the Corporation has no knowledge of any claim of adverse ownership in respect thereof; other than the Licensed IP, no consent of any person is necessary to make, use, reproduce, license, sell, modify, update, enhance or otherwise exploit any Intellectual Property and none of the Intellectual Property of the Corporation comprises an improvement to Licensed IP that would give any person any rights to any such Intellectual Property, including, without limitation, rights to license any such Intellectual Property;

(iii) the Corporation has not received any notice or claim (whether written, oral or otherwise) challenging the ownership or right to use of any of the Intellectual Property or suggesting that any other person has any claim of legal or beneficial ownership or other claim or interest with respect thereto, nor is there a reasonable basis for any claim that any person other than the Corporation have any claim of legal or beneficial ownership or other claim or interest in any of the Intellectual Property; and

(iv) to the best of the Corporation's knowledge, the conduct of the business of the Corporation (including, without limitation, the sale of their respective services, or the use or other exploitation of the Intellectual Property by the Corporation or any customers, distributors or other licensees thereof) has not infringed, violated, misappropriated or otherwise conflicted with any Intellectual Property right of any person; there is no pending or threatened action, suit, proceeding or claim by others that the Corporation infringes or otherwise violates any Intellectual Property of others, and the Corporation has no knowledge of any facts which form a reasonable basis for any such claim;

(x) Material Contracts. Each Material Contract of the Corporation is set out in Schedule "B" hereto and is a legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms and neither the Corporation nor any other party to a Material Contract is in default thereunder;

(y) Owned Real Property. The Owned Real Property is accurately described in Schedule "E" hereto.

(z) Leased Real Property.

(i) The Leased Real Property is accurately described in Schedule "E" hereto;

(ii) Except as described in Schedule "E" hereto, the Real Property Leases have not been altered or amended and are in full force and effect. There are no Contracts between the landlord and tenant, or sub-landlord and subtenant, or other relevant parties relating to the use and occupation of the Leased Real Property, other than as contained in the Real Property Leases; and

(iii) The Corporation has a good and valid leasehold interest in and to the Leased Real Property of which it is a tenant, free and clear of all Encumbrances.

(aa) Environmental Matters.

(i) the Corporation has carried on its Business and operations in compliance with all applicable Environmental Laws and all terms and conditions of all Environmental Permits;

(ii) except in compliance with Applicable Laws, the Corporation has not used any of its property or facilities to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance in a manner that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; except in compliance with Applicable Laws, the Corporation has not caused or permitted the release, in any manner whatsoever, of any Hazardous Substances on or from any of its properties or assets or any such release on or from a facility owned or operated by third parties but with respect to which the Corporation is or may reasonably be alleged to have material liability or has received any notice that it is potentially responsible for a federal, state, municipal or local clean-up site or corrective action under any Applicable Laws, statutes, ordinances, bylaws, regulations or any orders, directions or decisions rendered by any ministry, department or administrative regulatory agency relating to the protection of the environment, occupational health and safety or otherwise relating to or dealing with Hazardous Substances in a manner that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(iii) the Corporation has not received any order, request or notice from any Person alleging a material violation of any Environmental Law;

(iv) the Corporation (i) is not a party to any litigation or administrative proceeding, nor is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances, and (ii) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws; and

(v) is not involved in remediation operations and does not know of any facts, circumstances or conditions, including any release of Hazardous

Substance, that would reasonably be expected to result in any Environmental Liabilities.

(bb) Compliance with Laws. The Corporation has complied with and is not in violation of any Applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect on the Corporation, with the exception of any U.S. federal laws, statutes, and/or regulations which deal with the production, trafficking, distribution, processing, extraction or sale of cannabis and related substances, and it has not received any written notices or other correspondence from any Governmental Entity regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material license, permit, authorization, approval, registration or consent of a Governmental Entity relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of the Corporation to operate its Business in a manner proposed and which would have a Material Adverse Effect on the Corporation.

(cc) Employment Matters.

(i) Other than with respect to a written employment agreement between the Corporation and Christopher Brian Wren, Vice-President of Operations of the Corporation, and a written employment agreement between the Corporation and Tanya Lupien, Vice-President of Sales of the Corporation, the Corporation is not:

(A) a party to any written or oral agreement, arrangement, plan, obligation, policy or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director or officer of the Corporation;

(B) a party to any collective bargaining agreement nor, to the knowledge of the Corporation, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current, or to the knowledge of the Corporation, pending or threatened strikes or lockouts at the Corporation; and

(C) subject to any claim for wrongful dismissal, constructive dismissal or any other tort claim, actual or, to the knowledge of the Corporation, threatened, or any litigation, actual or, to the knowledge of the Corporation, threatened, relating to its employees or independent contractors (including any termination of such individuals).

(ii) The Corporation has been and is now in compliance, in all material respects, with all Applicable Laws with respect to employment and labour and there are no current, or, to the knowledge of the Corporation, pending or threatened proceedings before any Governmental Entity with respect to any of the areas listed herein.

(iii) Other than performance related employee bonus plans, employee healthcare benefits, 401k matching contributions and an employee group insurance plan, the Corporation has not and is not subject to any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, stock option or stock purchase plan, profit sharing plan, program policy or practice, formal or informal, with respect to its employees.

(dd) Related Party Transactions. With the exception of any contracts related to loans with officers and/or directors of the Corporation, bonus payments paid or payable to certain employees, senior executive officers or directors of the Corporation, or as otherwise disclosed to the Acquiror, there are no contracts or other transactions currently in place between the Corporation, and: (i) any officer or director of the Corporation; (ii) any holder of record or, to the knowledge of the Corporation, beneficial owner of 10% or more of the Corporation Shares; and (iii) any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.

(ee) Expropriation. No part of the property or assets of the Corporation has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does the Corporation know of any intent or proposal to give such notice or commence any such proceedings.

(ff) Rights of Other Persons. Except in respect of the Acquiror's interest in the Property, no Person has any right of first refusal or option to acquire or any other right of participation in any of the properties or assets owned by the Corporation or any part thereof.

(gg) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon the Corporation that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of the Corporation, any acquisition or disposition of property by the Corporation, or the conduct of the business by the Corporation as currently conducted or as proposed, which could reasonably be expected to have a Material Adverse Effect on the Corporation.

(hh) Directors and Officers of a Reporting Issuer. The Corporation is not aware of any of the directors or officers of the Corporation receiving any objection from securities regulatory authorities to their serving in capacities as directors or officers of a reporting issuer in any jurisdiction of Canada.

(ii) No Violations. No filing or registration with, or authorization, consent or approval of any domestic or foreign public body or authority is necessary by the Corporation in connection with the consummation of the Transaction, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any Material Adverse Effect on the ability of Corporation to consummate the transactions contemplated by this Agreement or any other agreement in connection with the Transaction, or operate its business in the ordinary course following the completion of the Transaction.

(jj) Authorizations and Consents.

(i) Except for the approval of the CSE contemplated in Section 7.1(a), the approval of the shareholders of the Corporation contemplated in Section 7.1(d), and the approval of the Nevada Department of Taxation contemplated in Section 7.1(e), no Authorization or declaration or filing with any Governmental Entity on the part of the Corporation is required for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Transaction pursuant to this Agreement.

(ii) Except as set forth in Schedule "D", no consent, approval or waiver is required pursuant to the terms of any Material Contract, agreement or instrument to which the Corporation is a party for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Transaction pursuant to this Agreement.

(kk) Fees. Other than the agents to the Brokered Financing, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Corporation.

(ll) Benefits. Except as disclosed to the Acqurior in writing, there are no plans for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to or required to be contributed to, by the Corporation for the benefit of any current or former director, officer, employee or consultant of the Corporation;.

(mm) Royalty Interests. no director, officer, consultant, insider or other non-arm's length party to the Corporation (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on revenue from or otherwise in respect of any assets of the Corporation.

(nn) Escrow Release Conditions. To the knowledge of the Corporation, no event has occurred which is reasonably likely to prevent the escrow release conditions in connection with the Finco Subscription Receipts from being satisfied on or before the escrow release deadline relating to the Finco Subscription Receipts.

(oo) Insurance. As of the date hereof, the Corporation has all insurance maintained by the Corporation in full force and effect and in good standing and is in amounts and in respect of such risks as are normal and usual for companies of similar size and customary in the businesses in which the Corporation is engaged.

(pp) Listing Statement. The description of the Corporation to be contained in the listing statement of the Acqurior prepared in accordance with the regulations of the CSE in connection with the listing of the Resulting Issuer Shares shall not, at the time of filing thereof on SEDAR, fail to be true and correct in any material respect or contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

(qq) Data Provided. To the knowledge of the Corporation, any confidential information provided by or on behalf of the Corporation to the Acquiror and its Representatives is true and accurate in all material respects as of the respective dates of such confidential information.

(rr) Licenced Cannabis Company. The Corporation is a licenced producer in the medical and recreational cannabis industry in the State of Nevada, under Applicable Laws in the State of Nevada, authorizing the Corporation to, among other things, grow, produce, sell, possess, process, ship, transport, deliver and destroy cannabis, dried cannabis and cannabis oil in the State of Nevada, and all operations of the Corporation have been and continue to be conducted in compliance with all Applicable Laws in the State of Nevada.

(ss) Cannabis-related Matters.

(i) To the knowledge of the Corporation, there is no legislation, or proposed legislation to be published by a legislative body, which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of the Corporation, with the exception of any U.S. federal laws, statutes, and/or regulations which deal with the production, trafficking, distribution, processing, extraction, or sale of cannabis and related substances.

(ii) The execution and delivery of this Agreement and the performance of the transactions contemplated hereby do not and will not result in a breach of, and do not create a state of facts which, after notice or lapse of time or both, will result in a breach of Nevada state law related to cannabis nor the licenses, permits, authorizations, certifications or consents issued to the Corporation by any Nevada state or local governmental authority.

(tt) Compliance with Healthcare Laws. The Corporation: (A) is and at all times has been in compliance in all material respects with all applicable statutes, rules, regulations, ordinances, orders, by-laws, decrees and guidances applicable to it under any Applicable Laws relating in whole or in part to health and safety and/or the environment, any implementing regulations pursuant to any of the foregoing, and all similar or related federal, state, provincial or local healthcare statutes, regulations and directives applicable to the business of the Corporation, including but not limited to Applicable Laws concerning fee-splitting, kickbacks, corporate practice of medicine, disclosure of ownership, related party requirements, survey, certification, licensing, civil monetary penalties, self-referrals, or laws concerning the privacy and/or security of personal health information and breach notification requirements concerning personal health information (collectively, "**Applicable Healthcare Laws**"); (B) has not received any correspondence or notice from any Governmental Entity alleging or asserting material noncompliance with any Applicable Healthcare Laws or any Permits required by any such Applicable Healthcare Laws; (C) has not received notice of any pending or threatened claim, suit, proceeding, charge, hearing, enforcement, audit, inspection, investigation, arbitration or other action from any Governmental Entity or third party alleging that any operation or activity of the Corporation, or any of their directors, officers and/or employees is in material violation of any Applicable Healthcare Laws or Permit required by any such Applicable Healthcare Laws, and the Corporation does not have any knowledge or reason to believe that any such Governmental Entity or third party is considering or would have reasonable grounds to consider any such claim, suit, proceeding, charge, hearing, enforcement, audit, inspection, investigation, arbitration or other action; and (D) either directly has, or indirectly on its behalf has, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Healthcare Laws or Governmental Entity required by any such Applicable Healthcare Laws in order to keep all Permits in good standing, valid and in full force (except where the failure to so file, declare, obtain, maintain or submit would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Corporation), and all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

(uu) Regulatory Proceedings. Except for ordinary course inquiries by any Governmental Entity, no Governmental Entity is presently alleging or asserting, or, to the

Corporation's knowledge, threatening to allege or assert, noncompliance with any applicable legal requirement or registration in respect of the Corporation's products.

(vv) Products. The Corporation's products are currently processed, manufactured, tested, packaged and labeled at facilities which are in compliance with good production practices prescribed by Applicable Laws and such other regulatory requirements applicable to the Corporation's products.

(ww) Protection of Personal Information. The Corporation has security measures and safeguards in place to protect Personally Identifiable Information it collects from customers and other parties from illegal or unauthorized access or use by its personnel or third parties or access or use by its personnel or third parties in a manner that violates the privacy rights of third parties. The Corporation has complied in all material respects with all Applicable Laws relating to privacy and consumer protection and neither has collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by Applicable Laws related to privacy, whether collected directly or from third parties, in an unlawful manner. The Corporation has taken all reasonable steps to protect Personally Identifiable Information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse.

(xx) Investor Presentation. The information and statements contained in the investor presentation dated February 2018 (the "**Investor Presentation**") as prepared by the Corporation, and this Agreement, with respect to the Corporation are true and correct and do not (i) contain any untrue statement of a material fact in respect of the Corporation or the affairs**,** prospects**,** operations or condition of the Corporation, or any of its assets; or (ii) to the knowledge of the Corporation, omit any statement of a material fact necessary in order to make the statements in respect of the Corporation, the affairs, prospects**,** operations or condition of the Corporation or its assets contained herein or therein not misleading. There is no fact known to the Corporation which materially and adversely affects the affairs, prospects, operations or condition of the Corporation or any of its assets which has not been set forth in this Agreement. All forward-looking information and statements of the Corporation contained in the Investor Presentation and the assumptions underlying such information and statements, subject to any qualifications contained therein, are to the knowledge of the Corporation, reasonable in the circumstances as at the date on which such assumptions were made.

3.2 The representations and warranties of the Corporation contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated on the earlier of the Time of Closing and the date on which this Agreement is terminated in accordance with its terms. Any investigation by the Acquiror and its Representatives shall not mitigate, diminish or affect the representations and warranties of the Corporation pursuant to this Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDERS

4.1 Each of the Shareholders hereby severally represents and warrants to the Acquiror and acknowledges and confirms that the Acquiror is relying upon such Shareholders' representations and warranties in connection with the purchase by the Acquiror of the Acquired Corporation Shares to be transferred by the Shareholders to the Acquiror pursuant to Section 2.1 of this Agreement and in connection with the issuance of the Consideration Shares:

(a) neither the execution and delivery of this Agreement, or any other agreements and instruments executed in connection with the Transaction by the Shareholder nor the performance by the Shareholder of its obligations hereunder and thereunder will conflict with or result in:

(i) a violation, contravention or breach by the Shareholder of any of the terms, conditions or provisions of any agreement or instrument to which such the Shareholder is a party, or by which the Shareholder is bound or constitute a default by the Shareholder thereunder, or, to the knowledge of the Shareholder, after due inquiry, under any statute, regulation, judgment, decree or law by which the Shareholder is subject or bound, or result in the creation or imposition of any mortgage, lien, charge or Encumbrance of any nature whatsoever upon any of the Shareholder's Acquired Corporation Shares; or

(ii) a violation by the Shareholder of any law or regulation or any applicable order of any court, arbitrator or governmental authority having jurisdiction over the Shareholder, or require the Shareholder, prior to the Closing or as a condition precedent thereof, to make any governmental or regulatory filings, obtain any consent, authorization, approval, clearance or other action by any Person, or await the expiration of any applicable waiting period;

(b) no Person has any agreement or option or any right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option for the acquisition from the Shareholder of any of the Shareholder's Acquired Corporation Shares;

(c) the Shareholder has all necessary power, authority and capacity to enter into theAgreement, and all other agreements and instruments to be executed by it as contemplated by the Agreement and to carry out its obligations under the Agreement, and such other agreements and instruments;

(d) the execution and delivery of the Agreement, and such other agreements and instruments and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Shareholder as may be required;

(e) the Agreement constitutes a valid and binding obligation of the Shareholderenforceable against the undersigned in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought;

(f) the Shareholder is the registered and legal beneficial owner of its Acquired Corporation Shares as set forth in Schedule "A" to the Agreement and identified on the signature page hereto and has good and valid title thereto free and clear of any Encumbrances;

(g) the Shareholder has the exclusive right and full power to transfer its Acquired Corporation Shares to the Acquiror as contemplated in the Agreement free and clear of any Encumbrances;

(h) there is not pending or, to the knowledge of the Shareholder, after due inquiry, threatened or contemplated, any suit, action, legal proceeding, litigation or governmental investigation of any sort which would:

(i) in any manner restrain or prevent the Shareholder from effectually or legally transferring its Acquired Corporation Shares to the Acquiror in accordance with the Agreement;

(ii) cause any Encumbrance to be attached to its Acquired Corporation Shares;

(iii) divest title to its Acquired Corporation Shares; or

(iv) make the Acquiror or the Corporation liable for damages in connection with the Transaction;

(i) to the knowledge of the undersigned, after due inquiry, there is not pending, threatened or contemplated, any suit, action, legal proceeding, litigation or governmental investigation of any sort relating to the Shareholder, its Acquired Corporation Shares or the Transaction, nor is there any present state of facts or circumstances which can be reasonably anticipated to be a basis for any such suit, action, legal proceeding, litigation or governmental investigation nor is there presently outstanding against the Shareholder, any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality, or arbitrator;

(j) the Shareholder has not entered into any agreement that would entitle any person to any valid claim against the Acquiror for a broker's commission, finder's fee, or any like payment in respect of the acquisition and sale of the Acquired Corporation Shares or any other matters contemplated by the Agreement, and in the event that

any Person acting or purporting to act for the undersigned establishes a claim for any fee from the Acquiror, the Shareholder severally covenants to indemnify and hold harmless the Acquiror with respect thereto and with respect to all costs reasonably incurred in the defence thereof;

(k) the Shareholder has had the opportunity to ask questions of and receive answers from the Acquiror regarding the acquisition of the Consideration Shares, and has received all the information regarding Acquiror that it has requested;

(l) the Shareholder acknowledges that the Consideration Shares are highly speculative in nature and that the Shareholder has such sophistication and experience in business and financial matters as to be capable of evaluating the merits and risks of the investment. In connection with the delivery of the Consideration Shares, the Shareholder has not relied upon the Acquiror for investment, legal or tax advice, or other professional advice, and has in all cases sought or elected not to seek the advice of his own personal investment advisers, legal counsel and tax advisers. The Shareholder is able, without impairing his financial condition, to bear the economic risk of, and withstand a complete loss of the investment and he can otherwise be reasonably assumed to have the capacity to protect his own interests in connection with its investment in the Consideration Shares;

(m) the Shareholder acknowledges that the Consideration Shares have not been and will not be registered under the U.S. Securities Act or applicable state securities laws, and the Consideration Shares are being offered and sold to the Shareholder in reliance upon Rule 506(b) of Regulation D and/or Section 4(a)(2) under the U.S. Securities Act;

(n) the Shareholder is an "accredited investor" as defined in Rule 501(a) of Regulation D under the U.S. Securities Act;

(o) the Shareholder acknowledges that it is not acquiring the Consideration Shares as a result of "general solicitation" or "general advertising" (as such terms are used in Regulation D under the U.S. Securities Act), including without limitation, advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or on the internet, or broadcast over radio or television or on the internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(p) the Shareholder acknowledges that the Consideration Shares are "restricted securities", as such term is defined under Rule 144 of the Securities Act, and may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, without prior registration under the U.S. Securities Act and applicable state securities laws, or pursuant to an exemption from the registration requirements of the U.S. Securities Act;

(q) the Shareholder understands that 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 U.S. state laws and regulations, the certificates representing the Consideration Shares 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"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.",

provided, that if the Consideration Shares are being sold under clause (B) above, the legend set forth above may be removed by providing a declaration to Acquiror's registrar and transfer agent in such form as the Resulting Issuer or its registrar and transfer agent may prescribe from time to time, to the effect that the sale of the securities is being made in compliance with Rule 904 of Regulation S under the U.S. Securities Act;

provided further that if the Consideration Shares are being sold under clauses (C) and (D) above, the legend may be removed by delivery to the Resulting Issuer and its transfer agent of an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Resulting Issuer to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act;

(r) none of the foregoing representations and warranties knowingly contains any untrue statement of material fact or knowingly omits to state any material fact necessary to make any such covenant, warranty or representation not misleading to a prospective acquiror seeking full information as to the Acquired Corporation Shares; and

(s) to the knowledge of the Shareholder, none of the representations and warranties made by the Corporation in Section 3.1 of this Agreement is untrue or inaccurate in any material respect.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE ACQUIROR

5.1The Acquiror represents and warrants to the Shareholders and the Corporation as follows as at the date hereof and as at the Closing Date and acknowledges that the Shareholders and the Corporation are relying upon such representations and warranties in connection with the sale by the Shareholders and the Corporation of the Acquired Corporation Shares:

(a) Authority Relative to this Agreement. The Acquiror has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Acquiror and the performance by the Acquiror of its obligations hereunder have been duly authorized by its board of directors and no other corporate proceedings on its part are necessary to authorize this Agreement or the Transaction. This Agreement has been duly executed and delivered by the Acquiror and constitutes a legal, valid and binding obligation of the Acquiror, enforceable against the Acquiror in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(b) Organization and Qualification. The Acquiror is a corporation duly incorporated and validly existing under the federal laws of the Canada and has all necessary corporate or legal power and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. The Acquiror (a) has all Permits necessary to conduct its business substantially as now conducted, and (b) is duly registered, licensed or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so registered or in good standing or to have such Permits would not have a Material Adverse Effect on the Acquiror.

(c) Ordinary Course. Since October 18, 2010, the Acquiror has carried on no business other than activities as a venture capital company seeking assets or businesses with good growth potential to merge with or acquire.

(d) No Material Change. Since December 31, 2017, except as disclosed in the Acquiror Public Disclosure Record:

(i) other than as described in Section 5.1(c) hereof, the Acquiror has not carried on any business;

(ii) there has not occurred any event that constituted or with the passage of time would constitute a Material Adverse Effect in respect of the Acquiror;

(iii) the Acquiror has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Acquiror Shares;

(iv) the Acquiror has not effected any material change in its accounting methods, principles or practices;

(v) there has been no dividend or distribution of any kind declared, paid or made by the Acquiror on any the Acquiror Shares;

(vi) there has not occurred any event that constituted or with the passage of time would constitute a Material Adverse Effect in respect of the Acquiror and its subsidiaries taken as a whole;

(vii) the business and property of the Acquiror conform in all material respects to the description thereof contained in the Acquiror Public Disclosure Record;

(viii) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by the Acquiror of any debt for borrowed money, any creation or assumption by the Acquiror of any Encumbrance or any making by the Acquiror or any of its subsidiaries of any loan, advance or capital contribution to, or investment in, any other Person.

(e) No Violations. Neither the authorization, execution and delivery of this Agreement by the Acquiror nor the completion of the transactions contemplated by the Agreement or the Transaction, nor the performance of its obligations thereunder, nor compliance by the Acquiror with any of the provisions hereof will:

(i) result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to acquire or sale under, any provision of: (A) the notice of articles, articles of incorporation, or other constating documents of the Acquiror or any of its subsidiaries, (B) any Permit or material contract to which the Acquiror or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which the Acquiror or any of its subsidiaries is bound, or (C) any law,

regulation, order, judgment or decree applicable to the Acquiror or any of its subsidiaries or any of their respective properties or assets.

(ii) give rise to any rights of first refusal or trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitation under any note, bond, mortgage, indenture, material contract, license, franchise or Permit to which the Acquiror or any of its subsidiaries is a party;

(iii) give rise to any termination or acceleration of indebtedness, or cause any third party indebtedness to come due before its stated maturity or cause any available credit to cease to be available; or

(iv) result in the imposition of any Encumbrance upon any of the property or assets of the Acquiror or any of its subsidiaries or restrict, hinder, impair or limit the ability of the Acquiror or any of its subsidiaries to conduct the business of the Acquiror or such subsidiary as and where it is now being conducted which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Acquiror.

No consents, approvals and notices required from any third party under any material contracts of the Acquiror or any of its subsidiaries in order for the Acquiror to proceed with the execution and delivery of this Agreement and the completion of the Transaction.

(f) Capitalization. The authorized share capital of the Acquiror consists of an unlimited number of Acquiror Shares. As at the date hereof, 5,000,000 Acquiror Shares were issued and outstanding, and an aggregate of 1,000,000 Acquiror Shares are issuable upon the exercise of the Acquiror Special Warrants, and, except for such Acquiror Special Warrants, as of the date hereof, there are no options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by the Acquiror of any securities of the Acquiror (including the Acquiror Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of the Acquiror (including the Acquiror Shares) or subsidiaries of the Acquiror. All outstanding Acquiror Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all the Acquiror Shares issuable upon the exercise of the Acquiror Special Warrants in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights.

(g) Reporting Status and Securities Laws Matters. The Acquiror is a "reporting issuer" and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws applicable in the Provinces of Alberta, Ontario, Quebec, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. The Acquiror Shares are not listed on any stock exchange.

(h) Public Filings. Since October 18, 2010, the Acquiror has filed all documents required to be filed by it in accordance with applicable Securities Laws with the Securities Authorities to maintain the Acquiror's status as a reporting issuer not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in the Provinces of Alberta, Ontario, Quebec, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador. All such documents and information comprising the Acquiror Public Disclosure Record, as of their respective dates (and the dates of any amendments thereto), (1) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (2) complied in all material respects with the requirements of applicable Securities Laws, and any amendments to the Acquiror Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities. The Acquiror has not filed any confidential material change report with any Securities Authorities that at the date of this Agreement remains confidential. There has been no change in a material fact or a material change (as those terms are defined under the Securities Act) in any of the information contained in the Acquiror Public Disclosure Record, except for changes in material facts or material changes that are reflected in a subsequently filed document included in the Acquiror Public Disclosure Record.

(i) The Acquiror Financial Statements. The Acquiror's audited financial statements as at and for the years ended June 30, 2016 and 2017 (including the notes thereto and related management's discussion and analysis (the "**Acquiror MD&A**") and the Acquiror's unaudited condensed interim financial statements as at and for the six month period ended December 31, 2017 (collectively, the "**Acquiror Financial Statements**") were prepared in accordance with IFRS, respectively, consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of the Acquiror's independent auditors) and present fairly in all material respects the financial condition, results of operations and changes in financial position of the Acquiror as of the dates thereof and for the periods indicated therein and reflect reserves required by IFRS, as applicable, in respect of all material contingent liabilities, if any, of the Acquiror.

(j) No Undisclosed Liabilities. The Acquiror has no outstanding indebtedness, liability or obligation (including liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness

of any Person, other than those specifically disclosed in the Acquiror Public Disclosure Record filed prior to the date of this Agreement, specifically identified in the Acquiror Financial Statements, or incurred in connection with the transactions contemplated herein or maintaining the Acquiror's status as a reporting issuer not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws applicable in the Provinces of Alberta, Ontario, Quebec, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador.

(k) Litigation. There is no claim, action, suit, grievance, complaint, proceeding or investigation that has been commenced or, to the knowledge of the Acquiror, is threatened affecting the Acquiror or affecting any of its property or assets at law or in equity before or by any Governmental Entity, including matters arising under Environmental Laws, which, individually or in the aggregate, if determined adversely to the Acquiror, as the case may be, has or could reasonably be expected to result in liability to the Acquiror. Neither the Acquiror nor its respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree.

(l) Taxes.

(i) Since October 18, 2010, the Acquiror has filed or caused or will cause to be filed all returns required to be filed by Applicable Law on or before the Closing Date. All such returns are correct and complete in all material respects. The Acquiror has timely paid all material Taxes that are due and payable by the Acquiror, including all instalments on account of taxes for the current year that are due and payable by the Acquiror whether or not assessed (or reassessed) by the appropriate Governmental Entity, and has, as applicable, timely remitted such Taxes to the appropriate Governmental Entity under Applicable Law. There are no Encumbrances for Taxes upon any of the assets or properties of the Acquiror.

(ii) There is no material dispute or claim, including any audit, investigation or examination by any Governmental Entity, actual, pending or, to the knowledge of the Acquiror, threatened, concerning any Tax liability of the Acquiror, no written notice of such an audit, investigation, examination, material dispute or claim has been received by the Acquiror.

(iii) The Acquiror has not requested, or entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which:

(A) to file any return (which has not since been filed) in respect of any Taxes for which the Acquiror is or may be liable;

(B) to file any elections, designations or similar filings relating to Taxes (which have not since been filed) for which the Acquiror is or may be liable;

(C) the Acquiror is required to pay or remit any Taxes or amounts on account of Taxes (which have not since been paid or remitted); or

(D) any Governmental Entity may assess or collect Taxes for which the Acquiror is liable.

(iv) Since October 18, 2010, the Acquiror has duly and timely deducted, collected or withheld from any amount paid or credited by it to or for the account or benefit of any Person and has duly and timely remitted the same (or is properly holding for such remittance) to the appropriate Governmental Entity all Taxes and amounts it is required by Applicable Law to so deduct or collect and remit.

(v) Since October 18, 2010, the Acquiror has not acquired property or services from, or disposed of property or provided services to, any Person with whom it does not deal at arm's length, within the meaning of the Tax Act, for an amount that is other than the fair market value of such property or services.

(vi) Since October 18, 2010, for all transactions between the Acquiror and any Person who is not resident in Canada for purposes of the Tax Act with whom the Acquiror was not dealing at arm's length for purposes of the Tax Act, the Acquiror has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.

(vii) Since October 18, 2010, no claim has been made by any Governmental Entity in a jurisdiction where the Acquiror does not file returns that the Acquiror is or may be subject to Taxes or is required to file returns in that jurisdiction.

(viii) There are no rulings or closing agreements relating to the Acquiror which could affect the Acquiror's liability for Taxes for any taxable period after the Closing Date. The Acquiror has not requested an advance tax ruling from the Canada Revenue Agency or comparable rulings from other taxing authorities.

(m) Issuance of the Acquiror Shares. The Consideration Shares will, when issued pursuant to the Transaction, be duly and validly issued as fully paid and non-assessable shares in the capital of the Acquiror.

(n) Expropriation. No part of the property or assets of the Acquiror or any of its material subsidiaries has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof

been given or commenced nor does the Acquiror or any of its material subsidiaries know of any intent or proposal to give such notice or commence any such proceedings.

(o) Rights of Other Persons. No Person has any right of first refusal or option to acquire or any other right of participation in any of the material properties or assets owned by the Acquiror, or any part thereof, except as disclosed in the Acquiror Financial Statements.

(p) Compliance with Laws. The Acquiror has complied with and is not in violation of any Applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect on the Acquiror and has not received any written notices or other correspondence from any Governmental Entity regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material license, permit, authorization, approval, registration or consent of a Governmental Entity relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of the Acquiror to operate its businesses in a manner which would have a Material Adverse Effect on the Acquiror.

(q) Related Party Transactions. Other than as set forth in the Acquiror Public Disclosure Record, there are no contracts or other transactions currently in place between the Acquiror or its subsidiaries, on the one hand, and: (i) any officer or director of the Acquiror or its subsidiaries; (ii) any holder of record or, to the knowledge of the Acquiror, beneficial owner of 10% or more of the Acquiror Shares; and (iii) any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.

(r) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon the Acquiror or its subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which could reasonably be expected to have a Material Adverse Effect on the Acquiror.

(s) Authorizations and Consents.

(i) Except for the approval of the CSE contemplated in Section 7.1(a) and the approval of the shareholders of the Acquiror contemplated in Section 7.1(d), no Authorization or declaration or filing with any Governmental Entity on the part of the Acquiror is required for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Transaction pursuant to this Agreement.

(ii) No consent, approval or waiver is required pursuant to the terms of any Material Contract to which the Acquiror is a party for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Transaction pursuant to this Agreement.

(t) No Cease Trade. The Acquiror is not subject to any cease trade or other order of any applicable Securities Authority and, to the knowledge of the Acquiror, no investigation or other proceedings involving the Acquiror which may operate to prevent or restrict trading of any securities of the Acquiror are currently in progress or pending before any applicable Securities Authority.

(u) Fees. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Acquiror.

(v) United States Securities Laws. The Acquiror is not registered, and is not required to be registered as, an "investment company" under the United States Investment Company Act of 1940, as amended.

5.2 The representations and warranties of the Acquiror contained in this Agreement shall not survive the completion of the Transaction and shall expire and be terminated on the earlier of the Time of Closing and the date on which this Agreement is terminated in accordance with its terms. Any investigation by the Shareholders and their Representatives shall not mitigate, diminish or affect the representations and warranties of the Acquiror pursuant to this Agreement.

ARTICLE 6
STOCK EXCHANGE LISTING, SHAREHOLDER APPROVALS, TRANSACTION MATTERS AND EXCHANGE ESCROW

6.1 Stock Exchange Listing, Filings and Approvals

(a) Subject to Section 6.4 below, the Acquiror covenants and agrees to take, in a timely manner, all commercially reasonable actions and steps necessary in order that: (i) prior to the completion of the Transaction, the Acquiror will seek shareholder approval to: (a) effect the Consolidation; (b) effect a change of its name to such name as may be approved by the Corporation and acceptable to applicable regulatory authorities; (c) amend its articles to create the Restricted Shares; and (d) elect the Corporation Nominees to replace the current slate directors of the Acquiror immediately following the Closing of the Transaction (collectively, the "**Transaction Resolutions**"), in accordance with Section 6.3 below; (ii) the Consideration Shares issued to the Shareholders by the Resulting Issuer will be listed and posted for trading on the CSE; (iii) when received, the Acquiror shall provide the Corporation with copies of the final approval regarding the listing and posting for trading of the Resulting Issuer Shares on the CSE; and (iv) the

distribution of the Consideration Shares to the Shareholders is exempt from theprospectus and registration requirements of applicable Securities Laws.

(b) Subject to Section 6.4 below, the Corporation will use its commercially reasonable efforts to obtain the Stock Exchange Listing and thereafter fulfill the conditions of the CSE. The Acquiror will provide the Corporation and its legal counsel with reasonable advance notice and an opportunity to comment on the content thereof, and to participate in, any communications or submissions to the CSE and other securities regulatory authorities.

6.2 Preparation of Financial Statements

The Corporation shall be responsible for preparing, as required in connection with the Transaction, the audited and interim financial statements of the Corporation, and the pro forma financial statements reflecting the combination of the Acquiror and the Corporation (including Finco), in each case in the form required by the CSE and the relevant securities regulatory authorities.

6.3 Shareholder Approval

As soon as is practicable after the date hereof, the Acquiror shall take all necessary steps to obtain shareholder approval in connection with the Transaction Resolutions.

6.4 Transaction Costs

The Acquiror will be responsible for the payment of up to $300,000 of expenses incurred by both the Acquiror and the Corporation (but not the Shareholders) incurred in connection with the transactions contemplated herein. These expenses will be funded from the proceeds of Acquiror's private placement of Acquiror Special Warrants, which proceeds have been deposited into escrow and Acquiror will have no liability for expenses hereunder other than from the escrowed funds. Each party hereto shall thereafter be responsible for its own costs and expenses incurred with respect to the transactions contemplated herein including, without limitation, all costs and expenses incurred prior to the date of this Agreement and all reasonable legal and accounting fees and disbursements relating to preparing the Transaction documents or otherwise relating to the transactions contemplated herein. Notwithstanding the foregoing, the parties agree that the Corporation and its counsel shall be primarily responsible for preparation of all documentation and filings in connection with the Transaction and the payment of all related costs and fees, including, without limitation, this Agreement, all shareholder meetings and the application to the CSE for the Stock Exchange Listing, while the Acquiror and its counsel shall perform a review function and cooperate and assist in the preparation of such documentation and required filings; however, each party shall permit the other party and its counsel to review the preparation of all documentation to be sent to the shareholders of such party or otherwise used in connection with the approval of the Transaction by the shareholders of such party and the CSE.

6.5 Exchange Escrow

Each Shareholder shall comply with and be bound by, if applicable, all escrow requirements imposed by the CSE on which the Resulting Issuer Shares are listed or proposed to be listed and under applicable Securities Laws.

ARTICLE 7

MUTUAL CONDITIONS PRECEDENT

7.1 The respective obligations of the Acquiror and the Corporation to complete the Transaction are subject to the fulfillment prior to or at the Closing of each of the following conditions:

(a) the CSE shall have conditionally approved the Transaction and the Acquiror shall have obtained the Stock Exchange Listing, subject only to compliance with the usual requirements of the CSE;

(b) the Brokered Financing shall have closed;

(c) the Amalgamation shall have occurred;

(d) all required Authorizations shall have been obtained on terms and conditions satisfactory to the parties, acting reasonably;

(e) the required approval of the Nevada Department of Taxation shall have been received;

(f) on or before the Closing Date, there shall have been obtained all regulatory approvals and all third party consents as may be required to complete the Transaction, if any, in form and terms satisfactory to the Acquiror and the Corporation, each acting reasonably, unless otherwise provided for between the parties, or if a failure to obtain such approvals or consents would not have a Material Adverse Effect on the Acquiror or the Corporation or materially impede the completion of the Transaction;

(g) no action shall have been taken by any court or governmental body prohibiting or making illegal the execution and delivery of this Agreement or any transaction contemplated by this Agreement; and

(h) this Agreement shall not have been terminated pursuant to Article 13.

The conditions precedent in this Article 7 are for the mutual benefit of the Acquiror and the Corporation and may be waived, in whole or in part, at any time if waived by both the Acquiror and the Corporation, such waiver being without prejudice to any other right that any Party may have. In case any of the foregoing conditions cannot be fulfilled on or before the Closing Date to the satisfaction of the Acquiror and the Corporation, any of the Acquiror and the Corporation may rescind this Agreement by notice to the other Party and in such event each of the

Corporation, the Shareholders and the Acquiror shall be released from all obligations hereunder, other than in respect of liability of a party for breach of any of the terms or conditions set forth herein before such termination.

ARTICLE 8

CONDITIONS PRECEDENT TO ACQUIROR'S OBLIGATIONS

8.1 All obligations of the Acquiror to acquire the Acquired Corporation Shares under this Agreement are subject to the fulfillment prior to or at the Closing of each of the following conditions:

(a) the representations and warranties made by the Corporation and the Shareholders under this Agreement shall be true in all material respects as of the Time of Closing (any breach of a representation or warranty shall be determined without reference to any materiality qualifier with respect thereto) and the Corporation shall deliver a certificate signed by a senior officer, dated the Closing Date in the form satisfactory to counsel to the Acquiror confirming this and confirming that the Corporation has not received notice of any inaccuracy in any of the Shareholders' representations and warranties contained herein, and confirming such other matters as may be reasonably requested by counsel to the Acquiror;

(b) no Material Adverse Change shall have occurred in the business, results of operations, assets, financial condition or affairs of the Corporation, financial or otherwise, between the date of the Letter Agreement and the completion of the Transaction;

(c) there will be no debts or amounts owing to the Corporation by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any Person with whom either the Corporation does not deal at arm's length, except for any amounts advanced to such Person for expenses incurred on behalf of the Corporation, in the ordinary course;

(d) each of the Shareholders and the Corporation shall have complied with all covenants and agreements herein agreed to be performed or caused to be performed by it;

(e) the Acquiror shall have received evidence in form satisfactory to the Acquiror, acting reasonably, that all actions required to be taken by the Corporation prior to Closing have been taken and all consents and approvals, including, but not limited to, any consent, approval or waiver required pursuant to the terms of any Material Contract to which the Corporation is a party for the valid execution, delivery and performance of its obligations under this Agreement or the completion of the Transaction, orders and authorizations required to be obtained by the Corporation for the Closing have been obtained;

(f) no action, suit or proceeding shall have been instituted and be continuing by any Person to restrain, modify or prevent the consummation of the Transaction as contemplated by this Agreement, or to seek damages against the Shareholders in connection with such Transaction, or that has been or is reasonably likely to have a material adverse effect on the ability of any Party hereto to fully consummate the Transaction as contemplated by this Agreement;

(g) no change, fact or circumstance shall have occurred in the affairs, operations, business or financial condition of the Corporation that the directors of the Acquiror determine, in their sole discretion, to have a Material Adverse Effect on such Party in proceeding with the Transaction and except as is disclosed in this Agreement;

(h) the Shareholders shall have delivered to the Acquiror the Acquired Corporation Shares free and clear of any Encumbrances, in accordance with the provisions of Section 2.1 hereto; and

(i) the Financial Statements of the Corporation shall, in all material respects, be consistent with the draft Financial Statements of the Corporation delivered by the Corporation to the Acquiror on or prior to the date hereof.

In case any of the foregoing conditions cannot be fulfilled on or before the Closing Date to the satisfaction of the Acquiror, the Acquiror may rescind this Agreement by notice to the Corporation and in such event each of the Acquiror, the Shareholders and the Corporation shall be released from all obligations hereunder other than in respect of liability of a party for breach of any of the terms or conditions set forth herein before such termination; provided, however, that any such conditions may be waived in whole or in part by the Acquiror without prejudice to its rights of rescission in the event of the non-fulfillment of any other condition or conditions, and that the Closing of the Transaction as contemplated by the Agreement shall be deemed to be a waiver of any unfulfilled conditions.

ARTICLE 9

CONDITIONS PRECEDENT TO THE SHAREHOLDERS' AND THE CORPORATION'S OBLIGATIONS

9.1 The obligations of the Corporation and the Shareholders to complete the transactions contemplated herein including, without limitation, the obligations of the Shareholders to sell the Acquired Corporation Shares under this Agreement, are subject to the fulfilment prior to or at the Closing of each of the following conditions:

(a) the shareholders of the Acquiror shall have approved the Transaction, if required by the CSE;

(b) there will be no debts or amounts owing to the Acquiror by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any Person with whom either the

Acquiror does not deal at arm's length, except for any amounts advanced to such

Person for expenses incurred on behalf of the Acquiror, in the ordinary course;

(c) the representations and warranties made by the Acquiror under this Agreement shall be true in all material respects as of the Time of Closing (any breach of a representation or warranty shall be determined without reference to any materiality qualifier with respect thereto) and the Acquiror shall deliver to the Corporation a certificate signed by a senior officer, dated the Closing Date in the form satisfactory to counsel to the Corporation confirming this and such other matters as may reasonably requested by counsel to the Corporation;

(d) no Material Adverse Change shall have occurred in business, results of operations assets, liabilities, financial condition or affairs of the Acquiror, financial or otherwise, between the date of the Letter Agreement and the completion of the Transaction;

(e) all liabilities of the Acquiror showing on its unaudited December 31, 2017 balance sheet or incurred since that date shall have been eliminated, other than liabilities incurred in connection with any transaction contemplated by this Agreement or incurred following the date thereof to maintain the Acqurior's status as a reporting issuer not in default under applicable Canadian provincial Securities Laws applicable in the Provinces of Alberta, Ontario, Quebec, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador;

(f) the Acquiror shall have complied with all covenants and agreements herein agreed to be performed or caused to be performed by it;

(g) receipt by the Corporation of a written resignation from each of the officers and directors of the Acquiror, such resignations to be effective at the Time of Closing;

(h) the CSE shall not have objected to the appointment of the Corporation Nominees to the board of directors of the Resulting Issuer, or of the management nominees of the Corporation to serve as officers of the Resulting Issuer, each upon closing of the Transaction;

(i) no action, suit or proceeding shall have been instituted and be continuing by any Person to restrain, modify or prevent the consummation of the Transaction as contemplated by this Agreement, or to seek damages against the Acquiror in connection with such Transaction, or that has been or is reasonably likely to have a Material Adverse Effect on such Party to fully consummate the Transaction as contemplated by this Agreement;

(j) the Acquiror shall pay and satisfy the Acquisition Price in accordance with Section 2.3 of this Agreement and shall deliver to the Shareholders and/or an escrow agent, as applicable, certificates, in form reasonably satisfactory to counsel

to the Shareholders, representing the Consideration Shares to be issued in accordance with Article 2 hereto registered in the names of the Shareholders; and

(k) all convertible securities of the Acquiror outstanding prior to the Time of Closing shall have been converted and the Acquiror shall not have outstanding (following such conversion), more than 5,250,000 Acquiror Shares.

In case any of the foregoing conditions cannot be fulfilled on or before the Closing Date to the satisfaction of the Shareholders, the Shareholders may rescind this Agreement by notice to the Acquiror and in such event each of the Corporation, the Shareholders and the Acquiror shall be released from all obligations hereunder other than in respect of liability of a party for breach of any of the terms or conditions set forth herein before such termination, provided, however, that any such conditions may be waived in whole or in part by the Shareholders without prejudice to its rights of rescission in the event of the non- fulfilment of any other condition or conditions, and that the Closing of the Transaction as contemplated by the Agreement shall be deemed to be a waiver of any unfulfilled conditions.

ARTICLE 10

COVENANTS OF THE CORPORATION

10.1 The Corporation agrees that during the period commencing on the date of this Agreement and continuing until Closing or the earlier termination of this Agreement, the Corporation:

(a) subject to the terms of this Agreement, agrees to prepare and circulate a form of unanimous written consent resolution for the purpose of obtaining the Corporation Shareholder Approval in accordance with the Corporation's articles, by-laws and Applicable Law, as soon as reasonably practicable, and shall use its best efforts to obtain the Corporation Shareholder Approval no later than April 30, 2018;

(b) will carry on its business in, and only in, the ordinary course in substantially the same manner as heretofore conducted;

(c) will not issue, authorize or propose the issuance of, or acquire or propose the acquisition of, any shares of its capital stock of any class or securities convertible into, or rights, warrants or options to acquire, any such shares or other convertible securities other than those currently outstanding or upon exercise of existing convertible securities or as otherwise contemplated hereby;

(d) will not borrow any money or incur any indebtedness in an aggregate amount in excess of US$200,000 (except for trade payables incurred in the ordinary course), without the prior written consent of the Acquiror;

(e) will not to declare or pay any dividends or distribute any of the Corporation's properties or Assets to shareholders of the Corporation;

(f) will not to alter or amend the Corporation's articles or by-laws in any manner which may adversely affect the success of the Transaction, except as is agreed to by the

Acquiror in writing or as strictly required to give effect to the matters contemplated herein;

(g) will use its reasonable commercial efforts to obtain any third parties approvals required in respect of the Transaction, including any lenders or financial institutions, licensors and strategic partners;

(h) will cooperate fully with the Acquiror and to use all reasonable commercial efforts to assist the Acquiror in its efforts to acquire all of the Acquired Corporation Shares, unless such cooperation and efforts would subject the Corporation to liability or would be in breach of applicable statutory and regulatory requirements;

(i) will not sell, lease or otherwise dispose of a material portion of its Assets, other than: (i) in the ordinary course; (ii) in connection with a reorganization completed in connection with the transactions contemplated herein; (iii) or with the prior written consent of the Acquiror, such consent not to be unreasonably withheld;

(j) will use its reasonable efforts to comply promptly with all requirements which Applicable Law may impose on the Corporation with respect to the Transaction;

(k) will cooperate and provide the Acquiror and its representatives with full copies of and access to, all contracts, financial records and statements, books, records, documents and other such information regarding its previous businesses as they may require, as well as access to the Acquiror's auditors, technical personnel and to such premises and personnel of the Acquiror, if any, as may be reasonably requested;

(l) will promptly advise the Acquiror orally and in writing of any Material Adverse Change of the Corporation; and

(m) will cooperate in obtaining all necessary and desirable consents and regulatory approvals in connection with the Transaction.

ARTICLE 11

COVENANTS OF THE ACQUIROR

11.1 The Acquiror covenants and agrees that until Closing or the earlier termination of this Agreement it will:

(a) subject to the terms of this Agreement, the Acquiror agrees to circulate a form of unanimous written consent resolution for the purpose of obtaining the Acquiror Shareholder Approval in accordance with the Acquiror's articles, by-laws and Applicable Law, as soon as reasonably practicable, and shall use its best efforts to obtain the Acquiror Shareholder Approval no later than April 30, 2018;

(b) not issue any debt or equity or other securities without the prior written consent of the Corporation, except as required to complete the Amalgamation, or for the

issuance of Acquiror Shares upon the exercise of existing convertible securities as contemplated hereunder;

(c) not carry on any business except as required to complete the Transaction and retain its status as reporting issuer not in default under applicable Canadian provincial Securities Laws applicable in the Provinces of Alberta, Ontario, Quebec, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, not borrow any money or incur any indebtedness (except for trade payables incurred in the ordinary course);

(d) not make loans, advances or other similar payments to any party, excluding advances to the Corporation or third parties for expenses reasonably necessary to carry out the terms of this Agreement;

(e) not make any expenditures except those that are reasonably necessary to carry out the terms of this Agreement, that are necessary to fulfil the Acquiror's obligations as a "public company" or that are incurred to reimburse directors or officers for reasonable expenses incurred for the foregoing purposes;

(f) not declare or pay any dividends or distribute any of the Acquiror's property or assets to shareholders;

(g) not alter or amend the Acquiror's articles or by-laws in any manner which may adversely affect the success of the Transaction, except as strictly required to give effect to the matters contemplated herein, including, but not limited to, the creation of the class of Restricted Shares, the Consolidation and the change of name of the Corporation, as contemplated pursuant to Section 6.1(a);

(h) not enter into any transaction or material contract, except as reasonably necessary to give effect to the matters contemplated herein;

(i) use its reasonable commercial efforts to obtain any third parties approvals required in respect of the Transaction, including any lenders or financial institutions, licensors and strategic partners;

(j) cooperate fully with the Corporation and to use all reasonable commercial efforts to otherwise complete the Transaction, unless such cooperation and efforts would subject the Acquiror to liability or would be in breach of applicable statutory and regulatory requirements;

(k) promptly advise the Corporation orally and in writing of any Material Adverse Change with respect to the Acquiror;

(l) cooperate in obtaining all necessary consents and regulatory approvals in connection with the Transaction;

(m) maintain its corporate status and comply with all applicable securities requirements (including any applicable filing requirements);

(n) provide the Corporation with full copies of, and access to, all contracts, financial records and statements, books, records, documents and other such information regarding its previous businesses as is available and they may require, as well as access to the Acquiror's auditors and to such premises and personnel of the Acquiror, if any, as may be reasonably requested; and

(o) use its commercially reasonable best efforts to obtain CSE approval of the Transaction as expeditiously as possible.

ARTICLE 12

ADDITIONAL COVENANTS

12.1 Non-Solicitation.

(a) Each of the Acquiror and the Corporation agree that during the period from the date hereof until the earlier of the Closing Date and the Termination Date, it:

(i) shall immediately cease and cause to be terminated any existing discussions or negotiations or other proceedings initiated prior to the date hereof by it, or its respective Representatives with respect to all Acquisition Proposals; shall not amend, modify, waive, release or otherwise forebear in the enforcement of, and shall use all commercially reasonable efforts to enforce, any confidentiality, non-solicitation or standstill or similar agreements or provisions to which it and any third parties are parties; and shall discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise);

(ii) shall not directly or indirectly, through any Representative, solicit, initiate or knowingly encourage (including by way of furnishing information), or cause or facilitate anyone else to solicit, initiate or knowingly encourage, any Acquisition Proposal, or any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to an Acquisition Proposal, from any Person, or engage in any discussion, negotiations or inquiries relating thereto, provided however that the Acquiror may request information from any Person who has made an Acquisition Proposal for the sole purpose of clarifying the terms of such Acquisition Proposal;

(iii) shall not provide information concerning its securities, assets or business to any Person for or in furtherance of anything mentioned in Sections 12.1(i)or (ii) other than as required by Applicable Law;

(iv) shall (i) immediately notify the Corporation if the Acquiror or any of its Representatives receives any indications of interest, requests for information or offers in respect of any Acquisition Proposal; and (ii) provide full details to the Corporation of the terms of any such indication, request or offers, subject to any contractual obligations of confidentiality; and

(v) shall not accept, recommend, approve or enter into or propose to publicly accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal.

ARTICLE 13

TERMINATION

13.1 This Agreement may, by notice given before or at the Closing, be terminated by:

(a) mutual agreement of the Acquiror and the Corporation;

(b) either the Acquiror or the Corporation upon notice to the other in the event that any condition set forth in this Agreement for their benefit is not satisfied to the satisfaction of such Party prior to the Closing Date or becomes incapable of being satisfied and such Party does not waive such condition;

(c) either the Acquiror or the Corporation, if there shall be any Applicable Law that makes consummation of the Transaction illegal or otherwise prohibited, any applicable regulatory authority having notified in writing either the Acquiror or the Corporation that it will not permit the Transaction to proceed, or if any judgment, injunction, order or decree of a competent governmental entity enjoining the Acquiror or the Corporation from consummating the Transaction shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;

(d) either the Acquiror or the Corporation upon notice to the other in the event that the Brokered Financing is not completed on or prior to April 30, 2018 provided that if the lead agent for the Brokered Financing has confirmed in writing prior to April 30, 2018 that commitments for the full Brokered Financing have been received but closing has not yet occurred, such date will be extended to May 6, 2018;

(e) either the Acquiror or the Corporation upon notice to the other in the event that the Transaction is not completed before June 30, 2018 (the "**Termination Date**"), or such other date as the Acquiror and the Corporation may agree in writing;

(f) the Corporation if:

(i) the Acquiror has breached any of its representations, warranties or covenants in this Agreement in any material respect and such breach is not curable or if curable, is not cured within five Business Days after notice thereof has been received by the Party alleged to be in breach;

(ii) there shall occur after the date hereof, any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of the Acquiror;

(g) the Acquiror if:

(i) the Corporation has breached any of its representations, warranties or covenants in this Agreement in any material respect and such breach is not curable or if curable, is not cured within five Business Days after notice thereof has been received by the Corporation; or

(ii) there shall occur after the date hereof, any change, effect, event, circumstance or fact that constitutes a Material Adverse Effect in respect of the Corporation.

13.2 Each Party's right of termination under Section 13.1 hereto is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 13.1 hereto, all obligations of the Parties under this Agreement will terminate, except as provided under Section 13.3 hereto; provided, however, that for greater certainty if this Agreement is terminated by a Party because of the breach of the Agreement by another Party or because one or more of the conditions to the terminating Party's obligations under this Agreement is not satisfied as a result of any other Party's failure to comply with its obligations under this Agreement, the terminating Party's right to pursue all legal remedies will survive such termination unimpaired.

13.3 Expenses and Reimbursement.

(a) Subject to Section 6.4, all fees, costs and expenses incurred in connection with this Agreement shall be paid by the Party incurring such fees, costs or expenses.

(b) Nothing in this Section 13.3 shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or otherwise to obtain specific performance of any such covenants or agreements.

ARTICLE 14

NOTICES

14.1 All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient or by email addressed to the recipient. Such notices, demands and other communications shall be delivered, mailed or sent electronically to the parties at the respective addresses or email addresses indicated below:

(a) If to the Corporation or the Shareholders, addressed as follows:

MM Development Company Inc.

4850 W. Sunset Road, Suite 130

Las Vegas, Nevada 89118

Attention: Larry Scheffler or Robert Groesbeck, Co-Chief Executive Officers
E-mail: lscheffler@lasvegascolor.com or bobgroesbeck@gmail.com

(b) If to the Acquiror, addressed as follows:

Carpincho Capital Corp.

181 University Avenue, Suite 800

Toronto, Ontario M5H 2X7

Attention: Lonnie Kirsh, Chief Executive Officer

E-mail: lonnie@acuitylaw.ca

or to such other address as the Party to be notified shall have furnished to the other parties in writing. Any notice given in accordance with the foregoing shall be deemed to have been given when delivered in person or on the next Business Day following the date on which it shall have been sent electronically or mailed.

ARTICLE 15

GENERAL

15.1 This Agreement:

(a) shall be construed and enforced in accordance with the laws of the Province of Ontario; and

(b) shall enure to the benefit of and be binding upon the Acquiror, the Shareholders and the Corporation and their respective executors, administrators, legal representatives, successors and permitted assigns, nothing in this Agreement, express or implied, being intended to confer upon any other person any rights or remedies hereunder.

15.2 This Agreement may be amended or modified only by a written instrument executed by the parties affected thereby, or by their respective successors and permitted assigns.

15.3 This Agreement, the Schedules hereto and the documents specifically referred to herein or executed and delivered concurrently herewith or at the Closing constitute the entire agreement, understanding, representations and warranties of the parties hereto and supersede any prior agreement, understanding, representation, warranty or documents relating to the subject matter of this Agreement including, for greater certainty, the Letter Agreement.

15.4 Time shall be of the essence hereof.

15.5 Each of the Parties hereto covenants and agrees that at any time and from time to time after the Closing Date such Party will, upon the request of any other Party, do, execute, acknowledge and deliver all such further acts, documents and assurances as may be reasonably required for the better carrying out of the terms of this Agreement.

15.6 This Agreement may be executed by facsimile or PDF email and in one or more counterparts, each of which shall be considered an original but all of which together shall constitute one and the same agreement.

15.7 The parties hereto agree to file in a timely manner all forms required to be filed after the Closing Date by Applicable Law and by the regulations and policies of all applicable securities regulatory authorities in connection with the Transaction. The parties acknowledge that a copy of this Agreement will be filed on SEDAR.

15.8 Neither this Agreement nor any right or obligation hereunder shall be assignable by any Party hereto without the prior written consent of the other parties hereto, which consent may be arbitrarily withheld.

15.9 Until immediately after the Time of Closing, all documents and information exchanged or received hereunder by the Acquirors, the Shareholders or the Corporation and their respective auditors and solicitors shall be treated as confidential information except as may be required by law, or regulation. Any press releases shall be subject to joint approval of the Acquiror and the Corporation. The parties acknowledge that a copy of this Agreement will be required to be filed by Acquiror on SEDAR pursuant to applicable Securities Laws.

[The remainder of this page has been left intentionally blank. Signature page follows.]

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

MM DEVELOPMENT COMPANY, INC.

By: /s/ Robert Groesbeck
Authorized Signatory

CARPINCHO CAPITAL CORP.

By: /s/Lonnie Kirsh
Authorized Signatory

PRMN INVESTMENTS LTD.

By: /s/ Robert Groesbeck
Authorized Signatory

THIRTEEN, LLC

By: /s/ Larry Scheffler
Authorized Signatory

4 DEGREES HIGHER, LLC

By: /s/ Chris Wren
Authorized Signatory

SCHEDULE "A"

SHAREHOLDERS OF CORPORATION

Name and Address of Registered Shareholder	**Number of Corporation Shares**	**Number of Corporation Non-Voting Shares**	**Number of Consideration Shares to be Issued on Closing**
PRMN Investments Ltd. 205 N. Stephanie St., Suite D-126 Henderson, Nevada 89074	11,891,000	23,359,000	11,891,000 Resulting Issuer Shares and 23,359,000 Restricted Shares
Thirteen, LLC 205 N. Stephanie St., Suite D-126 Henderson, Nevada 89074	11,891,000	23,359,000	11,891,000 Resulting Issuer Shares and 23,359,000 Restricted Shares
4 Degrees Higher, LLC 205 N. Stephanie St., Suite D-126 Henderson, Nevada 89074	1,518,000	2,982,000	1,518,000 Resulting Issuer Shares and 2,982,000 Restricted Shares
TOTAL:	**25,300,000**	**49,700,000**	**25,300,000 Resulting Issuer Shares and 49,700,000 Restricted Shares**

SCHEDULE "B"

MATERIAL CONTRACTS OF THE CORPORATION

1. Exclusive Services Agreement (Software) between Blackbird Logistics, Corp. and the Corporation dated November 8, 2017;
2. IT Services Agreement between Intelligent Design I.T. Consulting and the Corporation dated December 1, 2015;
3. Marketing Agreement between Artisans on Fire and the Corporation dated January 24, 2018;
4. Marketing Agreement between Ghost Management Group, LLC and the Corporation dated January 8, 2018;
5. Professional Services Agreement between On Scene Investigation & Security, Inc. and the Corporation dated December 10, 2015;
6. Software License Installation Agreement between [REDACTED – CONFIDENTIAL INFORMATION] and the Corporation (signed by the Corporation on January 18, 2016);
7. Software Agreement between [REDACTED – CONFIDENTIAL INFORMATION] and the Corporation dated November 6, 2017;
8. Microbulk Products Sales Agreement between Airgas USA, LLC and the Corporation dated August 12, 2015;
9. Service Agreement between Green Clean Commercial Cleaning Services and the Corporation dated December 1, 2017;
10. Proposal for Pest Control presented by Pride Pest Control LLC dba Bears Pest Control for Grow House Beatty (undated);
11. Pest Control and Service Agreement between American Pest Control, Inc. and the Corporation dated April 22, 2016;
12. Rental Service Agreement between Cintas Corporation and the Corporation dated August 5, 2017;
13. Decorator/Design Services Agreement between Briana Tiberti, T Square Studio LLC, and the Corporation dated November 16, 2017;
14. Professional Services Agreement between On Scene Investigation & Security, Inc. and the Corporation dated December 10, 2015; and
15. Credit Facility between [REDACTED – CONFIDENTIAL INFORMATION] and the Corporation dated February 24, 2018.

SCHEDULE "C"

RESTRICTED SHARE TERMS

[See Following Page]

1.1 General Definitions

In this Part, the following terms shall have the following meanings unless the context otherwise requires:

(a) "**1933 Act**" means the United States Securities Act of 1933, as amended from time to time.

(b) "**Common Shares**" means the common shares in the capital of the Company.

(c) "**Company**" means "Planet 13 Holdings Inc."

(d) "**Conversion Notice**" means a written notice to the transfer agent of the Restricted Voting Shares, in form and substance satisfactory to the Company and the transfer agent, executed by a person registered in the records of the Company or the transfer agent, as the case may be, as a holder of the Restricted Voting Shares, or by his or her attorney duly authorized in writing and specifying the number of Restricted Voting Shares which the holder thereof desires to have converted into Common Shares, and accompanied by:

(1) if share certificates were issued to such holder, the share certificate or certificates representing the Restricted Voting Shares which such holder desires to convert;

(2) a letter of transmittal, direction, transfer, power or attorney and/or such other documentation as is specified by the Company or the transfer agent for the Restricted Voting Shares, acting reasonably, as being required to give full effect to the conversion duly completed and executed by the person registered in the records of the Company or the transfer agent, as the case may be, as the holder of the Restricted Voting Shares to be converted or by his or her attorney duly authorized in writing; and

(3) a duly completed and executed Residency Declaration or an opinion or memorandum of counsel (which may be the Company's counsel), in form and substance satisfactory to the Company and the transfer agent, to the effect that the conversion of such Restricted Voting Shares into Common Shares would not cause the Company to become a Domestic Issuer.

(e) "**Domestic Issuer**'" has the meaning ascribed thereto in Rule 902(c) of Regulation S under the 1933 Act.

(f) "**Exclusionary Offer**" means an offer to purchase Restricted Voting Shares which must be made, by reason of applicable securities legislation or by the rules or policies of a stock exchange on which any shares or the Company are listed, to all or substantially all of the holders or Restricted Voting Shares.

(g) "**Fundamental Transaction**" means a reorganization, recapitalization, reclassification, merger or amalgamation or any similar transaction involving the Company.

(h) "**Liquidation Event**" means a distribution of assets of the Company to its shareholders arising on the winding-up, liquidation or dissolution of the Company, whether voluntary or involuntary, or any other distribution of its assets for the purpose of winding up its affairs or otherwise.

(i) "**Residency Declaration**" means (i) a declaration by a person attesting that such person is not a resident of the United States and (ii) any indemnity required by the Company or the transfer agent in respect of such declaration in favour of the Company from the person providing the declaration, in each case in form approved by the Company from time to time.

(j) "**Restricted Voting Shares**" means the Class A Restricted Voting Shares in the capital of the Company.

(k) "**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

COMMON SHARES

1.2 Voting

Each Common Share entitles the holder to receive notice of and to attend any meeting of shareholders and to exercise one vote for each Common Share held at all meetings of shareholders of the Company, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. Except as provided otherwise herein or as required by law, holders of Common Shares and Restricted Voting Shares shall vote as one class at all meetings of shareholders of the Company.

1.3 Dividends

Subject to the Business Corporations Act, and subject to the rights of the shares or any other class ranking senior to the Common Shares with respect to priority in the payment or dividends, the holders or Common Shares shall be entitled to receive dividends, and the Company shall pay dividends thereon, as and when declared by the Board out of moneys properly applicable to the payment of dividends, *pari passu* with the holders of the Restricted Voting Shares on a per share basis, in such amount and in such form as the Board may from time to time determine; provided however that no dividend on the Common Shares shall be declared unless contemporaneously therewith the Board shall declare a dividend, payable at the same time as such dividend on the Common Shares, on each Restricted Voting Share. All dividends declared on the Common Shares and on the Restricted Voting Shares shall be declared and paid in equal amounts per share on all Common Shares and Restricted Voting Shares at the time outstanding on the applicable record data for such dividend. For purposes hereof, the payment of dividends by way of a stock dividend in Common Shares on the Common Shares and in Restricted Voting Shares on the Restricted Voting Shares in the same number per share shall be considered to be a *pari passu* payment of dividends.

1.4 Liquidation Event

Subject to the rights of the shares of any other class ranking senior to the Common Shares with respect to priority upon a Liquidation Event, in the event of a Liquidation Event, the holders of Common Shares and the holders of Restricted Voting Shares shall participate rateably in equal amounts per share, without preference or distinction, in the remaining assets of the Company.

1.5 Changes to Common Shares

The Common Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the Restricted Voting Shares are subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner as the Common Shares.

RESTRICTED VOTING SHARES

1.6 Voting

Subject to Section 1.7, each Restricted Voting Share entitles the holder to receive notice of and to attend any meeting of shareholders of the Company and to exercise one vote for each Restricted Voting Share held at all meetings of shareholders of the Company, other than meetings at which only the holders or another class or series of shares are entitled to vote separately as a class or series. Except as provided otherwise herein or as required by law, holders or Common Shares and Restricted Voting Shares shall vote as one class at all meetings of shareholders of the Company.

1.7 Limitation on Voting Rights

The Restricted Voting Shares carry no entitlement for the holder thereof to vote for the election or removal of directors of the Company.

1.8 Dividends

Subject to the Business Corporations Act, and subject to the rights of the shares of any other class ranking senior to the Restricted Voting Shares with respect to priority in the payment of dividends, the holders of Restricted Voting Shares shall be entitled to receive dividends, and the Company shall pay dividends thereon, as and when declared by the Board out of moneys properly applicable to the payment of dividends, *pari passu* with the holders of the Common Shares on a per share basis, in such amount and in such form as the Board may from time to time determine; provided however that no dividend on the Restricted Voting Shares shall be declared unless contemporaneously therewith the Board shall declare a dividend, payable at the same time as such dividend on the Restricted Voting Shares, on each Common Share. All dividends declared on the Common Shares and on the Restricted Voting Shares shall be declared and paid in equal amounts per share on all Common Shares and Restricted Voting Shares at the time outstanding on the applicable record date for such dividend. For purposes hereof, the payment of dividends by way of a stock dividend in Common Shares on the Common Shares and in

Restricted Voting Shares on the Restricted Voting Shares in the same number per share shall be considered to be a *pari passu* payment of dividends.

1.9 Liquidation Event

Subject to the rights of the shares of any other class ranking senior to the Restricted Voting Shares with respect to priority upon a Liquidation Event, in the event of a Liquidation Event, the holders of Restricted Voting Shares and the holders of Common Shares shall participate rateably in equal amounts per share, without preference or distinction, in the remaining assets of the Company.

1.10 Restrictions on Transfer

No Restricted Voting Share shall be transferred by any holder thereof pursuant to an Exclusionary Offer unless, concurrently with the Exclusionary Offer, an offer to acquire Common Shares is made that is identical to the Exclusionary Offer in terms of price per share, percentage of outstanding shares to be taken up (exclusive of shares owned immediately before the Exclusionary Offer by the offeror) and in all other material respects (except with respect to any additional conditions that may be attached to the Exclusionary Offer).

1.11 Conversion at the Option of the Holder

Each Restricted Voting Share may be converted into one Common Share, without payment of additional consideration, at any time and from time to time, at the option of the holder thereof, in accordance with the procedures set forth in Section 1.12 hereof.

1.12 Conversion Procedure

A holder of Restricted Voting Shares may convert all or any number of Restricted Voting Shares held by such holder into Common Shares in accordance with Section 1.11 upon delivery by the holder of such Restricted Voting Shares of a duly completed and executed Conversion Notice and upon receipt by the transfer agent of the Company of such notice and upon compliance with any requirements the transfer agent or the Company may reasonably request, the Company shall issue or cause to be issued the relevant number of fully paid Common Shares. The effective time of conversion shall be the close of business on the date of receipt of a valid Conversion Notice by the transfer agent of the Company and the Common Shares issuable upon conversion of such Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time.

1.13 Conversion at the Option of the Company

Each Restricted Voting Share may be converted into one Common Share, at any time and from time to time, at the option of the Company by delivery to a holder of the Restricted Voting Share of a notice indicating same and the holder of Restricted Voting Shares shall only have the right to receive the relevant number of Common Shares resulting from such conversion and any accrued and unpaid dividends on the Restricted Voting Shares so converted upon compliance with the terms of the notice. The effective time of conversion shall be the close of business on the date specified in the notice of the Company and the Common Shares issuable upon

conversion of such Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time and the applicable Restricted Voting Shares shall be cancelled at that time.

1.14 Withdrawal of Conversion Notice

Despite any other provision hereof, a holder of a Restricted Voting Share that has duly presented a Conversion Notice may, at any time before such Restricted Voting Shares are converted and Common Shares are issued, by irrevocable written notice to the Company, advise the Company that the holder no longer desires that such Restricted Voting Shares be converted into Common Shares and, upon receipt of such written notice, the Company shall return to the holder the certificates(s) representing such Restricted Voting Shares, if any, and thereupon the Company shall cease to have any obligation to convert such Restricted Voting Shares hereunder unless such Restricted Voting Shares are again tendered for conversion by the holder in accordance with the provisions hereof.

1.15 Fractional Common Shares

The Company shall not issue fractional Common Shares in satisfaction of the conversion rights herein provided for. Where the exercise of conversion rights pursuant to this Article would otherwise result in fractional Common Shares being issued, the number of Common Shares to be issued by the Company shall be rounded down to the nearest whole number of Common Shares. A determination of whether or not any fractional share would be issuable upon a conversion of Restricted Voting Shares shall be made on the basis of the total number of Restricted Voting Shares the holder has at the time converting into Common Shares and the appropriate number of Common Shares issuable upon conversion.

1.16 Dividend Entitlement

A holder of Restricted Voting Shares on the record date for the determination of holders of Restricted Voting Shares entitled to receive a dividend declared payable on the Restricted Voting Shares will be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend, and the holders of any Common Shares resulting from any conversion shall be entitled to rank equally with the holders of all other Common Shares in respect of all dividends declared payable to holders of Common Shares of record on any date on or after the date of conversion.

1.17 Adjustments

(1) If there shall occur any Fundamental Transaction involving the Company inwhich the Common Shares (but not the Restricted Voting Shares) are converted into or exchanged for securities, cash or other property (other than a transaction otherwise covered by this Section 1.17) then, following such Fundamental Transaction each Restricted Voting Share shall thereafter be convertible, in lieu of the Common Share into which it was convertible before such event, into the kind and amount or securities, cash or other property which a holder of the number of

Common Shares issuable upon conversion of one Restricted Voting Share immediately before such Fundamental Transaction would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined by the Board) shall be made in the application of the provisions of this subsection 1.17(1) with respect to the rights and interests thereafter of the holders of the Restricted Voting Shares, to the end that the provisions set forth in this subsection 1.17(1) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Restricted Voting Shares.

(2) The Restricted Voting Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the Common Shares are subdivided, consolidated, reclassified or otherwise changed in the sameproportion and in the same manner as the Restricted Voting Shares.

1.18 Public Distribution Requirements

Conversion of Restricted Voting Shares into Common Shares permitted under this Article shall be subject to the Company meeting applicable distribution requirements for public shareholders of the exchange on which the Common Shares are then listed and posted for trading.

SCHEDULE "D"

CONSENTS AND APPROVALS

1. Credit Facility between [REDACTED – CONFIDENTIAL INFORMATION] and the Corporation dated February 24, 2018; and
2. Dispensary lease agreement [REDACTED – COMMERCIALLY SENSITIVE INFORMATION].

SCHEDULE "E"

OWNED AND LEASED REAL PROPERTY

Leases:

1. [REDACTED – COMMERCIALLY SENSITIVE INFORMATION].
2. [REDACTED – COMMERCIALLY SENSITIVE INFORMATION].
3. [REDACTED – COMMERCIALLY SENSITIVE INFORMATION].

Real Property Ownership:

1. Nye County cultivation and production real estate and buildings at 101 Airport Road, Beatty, Nevada 89003, approximately 80 acres owned by Corporation, with planning for significant capital outlay to expand cultivation, APN #[REDACTED – CONFIDENTIAL INFORMATION].

Exhibit 2.4

MASTER AGREEMENT

THIS AGREEMENT made as of the 26th day of April, 2018

AMONG:

CARPINCHO CAPITAL CORP.
a corporation incorporated under the federal laws of Canada ("**Carpincho**")

- and -

10713791 CANADA INC.
a corporation incorporated under the federal laws of Canada ("**Subco**")

- and -

10653918 CANADA INC.
a corporation incorporated under the federal laws of Canada ("**Finco**")

WHEREAS:

1. Carpincho wishes to acquire all of the Finco Shares (as hereinafter defined) by way of Amalgamation (as hereinafter defined);

2. Carpincho has also entered into the Share Exchange Agreement (as hereinafter defined) pursuant to which Carpincho will acquire all of the issued and outstanding securities of MM Development Company Inc. ("**MMDC**");

3. As soon as practicable following the date hereof, Finco intends to complete the Finco Financing (as hereinafter defined), with the net proceeds of the Finco Financing to be placed into escrow and released to Finco immediately prior to the completion of the Amalgamation;

4. Finco and Subco wish to amalgamate and continue as one corporation in accordance with the terms and conditions hereof;

5. Subco is a wholly-owned subsidiary of Carpincho, and has been incorporated solely for the purposes of amalgamating with Finco, and has not carried on any active business, in each case other than as set forth herein; and

6. The parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the proposed Amalgamation.

NOW THEREFORE IN CONSIDERATION OF THE COVENANTS AND AGREEMENTS CONTAINED IN THIS AGREEMENT THE PARTIES HERETO AGREE AS FOLLOWS:

1. **Interpretation.**

(a) **Definitions.** In this Agreement (including the recitals hereto) and each schedule hereto:

"**Act**" means the *Canada Business Corporations Act* and the regulations prescribed thereunder, as the same may be varied, supplemented or amended from time to time;

"**Agreement**" means this master agreement and the schedules hereto, as may be amended, modified, restated, supplemented or replaced from time to time;

"**Amalco**" means the entity formed by the Amalgamation of the Amalgamating Parties;

"**Amalco Shares**" means the common shares of Amalco;

"**Amalgamating Parties**" means Finco and Subco;

"**Amalgamation**" means the amalgamation of Finco and Subco under the provisions of section 185 of the Act and otherwise on the terms and subject to the conditions set forth in this Agreement;

"**Amalgamation Agreement**" means the form of amalgamation agreement to be entered into between Finco, Subco and Carpincho in accordance with the terms hereof, in substantially the form set forth in Schedule "A" hereto;

"**Applicable Laws**" means with respect to any person, all laws, statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, guidelines, notices, directions (including all applicable Canadian securities laws), and terms and conditions of any grant of approval, permission, authority or license of any court, governmental authority, statutory body or self-regulatory authority (including, where applicable, the CSE), in each case, that is binding upon or applicable to such person, as amended unless expressly specified otherwise;

"**Articles of Amalgamation**" means the articles of amalgamation of Amalco;

"**Brokered Financing**" means the brokered private placement of up to 31,250,000 Finco Subscription Receipts by Finco at a price of $0.80 per Finco Subscription Receipt; the net proceeds of which will be placed into escrow and released to Finco, and the Finco Subscription Receipts will automatically be converted into Finco Units, on satisfaction of the Release Conditions, and each Finco Share will then be exchanged for one New Carpincho Share and each whole Finco Warrant will then be exchanged for one New Carpincho Warrant, respectively, in connection with the Amalgamation;

"**Business Day**" means a day other than a Saturday, Sunday or a civic or statutory holiday in the City of Toronto, Ontario;

"**CSE**" means the Canadian Securities Exchange;

"**Certificate**" means the certificate of amalgamation issued by the Director under the Act in respect of the Amalgamation;

"**Carpincho Material Adverse Effect**" means any change, effect, event or occurrence that, individually or taken together with any other change, effect, event or occurrence, is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, capitalization or business of Carpincho, considered as a whole, or would reasonably be expected to prevent, materially delay or materially impair the ability of Carpincho to consummate the transactions contemplated by this Agreement; provided, however, that a Carpincho Material Adverse Effect shall not include an adverse change or adverse effect resulting from a change, effect, event or occurrence: (i) which arises out of or in connection with a matter that has been disclosed in writing to Finco or its representatives by Carpincho or its representatives prior to the date of this Agreement; (ii) expenses incurred by Carpincho to pursue the transactions contemplated by this Agreement and any related transactions and to maintain its status as a reporting issuer; or (iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada, unless, with respect to clause (iii), such matter has a materially disproportionate effect on Carpincho, considered as a whole, relative to comparable entities operating in the industries in which Carpincho operates. References in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a "Carpincho Material Adverse Effect" has occurred;

"**Carpincho Shares**" means the issued and outstanding common shares in the capital of Carpincho as constituted on the date hereof;

"**Carpincho Shareholder**" means a registered holder of Carpincho Shares;

"**Confidentiality**" means to maintain in confidence and not to disclose the applicable information to third parties, except:

(i) employees, officers, directors, consultants, agents and other representatives that need to know or ought to know in order to discharge their respective duties in an efficient manner; or

(ii) persons that are or may be interested in advancing, loaning, investing or otherwise providing potential debt or equity financing to a party, including banks, financial institutions, brokerage companies and their respective employees, officers, directors, consultants, agents and other representatives, provided, however, that such persons agree to maintain the information to be disclosed in confidence;

and "**Confidential**" and "**Confidence**" shall have similar meanings;

"**Confidential Information**" shall have the meaning ascribed thereto in Section 25;

"**Consolidation**" means the consolidation of the Carpincho Shares on the basis of 0.875 of a New Carpincho Share for every one existing Carpincho Share;

"**Director**" means the Director appointed under section 260 of the Act;

"**Effective Date**" means the effective date of the Amalgamation as set forth in the Certificate;

"**Effective Time**" shall have the meaning ascribed thereto in Subsection 2(c)(iii);

"**Finco Compensation Options**" means the compensation options to be issued on closing of the Brokered Financing, each such compensation option entitling the holder to purchase one (1)

Finco Share at a price of $0.80 per Finco Share upon completion of the Amalgamation on the Effective Date, and anytime for a period of 24 months thereafter;

"**Finco Financing**" means, collectively, the Brokered Financing and the Non-Brokered Financing;

"**Finco Material Adverse Effect**" means any change, effect, event or occurrence that, individually or taken together with any other change, effect, event or occurrence, is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, capitalization or business of Finco, or would reasonably be expected to prevent, materially delay or materially impair the ability of Finco to consummate the transactions contemplated by this Agreement; provided, however, that a Finco Material Adverse Effect shall not include an adverse change or adverse effect resulting from a change, effect, event or occurrence: (i) which arises out of or in connection with a matter that has been disclosed in writing to Carpincho or its representatives by Finco or its representatives prior to the date of this Agreement; or (ii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada unless, with respect to clause (ii), such matter has a materially disproportionate effect on Finco relative to comparable entities operating in the industries in which Finco operates. References in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a "Finco Material Adverse Effect" has occurred;

"**Finco Shareholder**" means a registered holder of Finco Shares;

"**Finco Shares**" means the issued and outstanding common shares in the capital of Finco;

"**Finco Subscription Receipts**" means the subscription receipts of Finco to be issued pursuant to the Finco Financing, each such subscription receipt to be deemed to be exchanged, without payment of any additional consideration and subject to adjustment, for one Finco Unit upon satisfaction of the Release Conditions, all in accordance with the terms of the Subscription Receipt Agreement;

"**Finco Units**" means the units of Finco to be issued on exercise or deemed exercise of the Finco Subscription Receipts, each such unit consisting of one (1) Finco Share and one-half of one Finco Warrant;

"**Finco Warrants**" means the whole share purchase warrants issued to holders of Finco Subscription Receipts upon satisfaction of the Release Conditions, each whole such Finco Warrant entitling the holder thereof to purchase one (1) Finco Share;

"**IFRS**" means the international financial reporting standards as set out in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis;

"**New Carpincho Compensation Options**" means compensation options issued in exchange for Finco Compensation Options, each such option entitling the holder to purchase one (1) New Carpincho Share at a price of $0.80 per New Carpincho Share for a period of 24 months from the Effective Date;

"**New Carpincho Shares**" means the Carpincho Shares, after giving effect to the Consolidation;

"**New Carpincho Warrants**" means share purchase warrants issued in exchange for Finco Warrants, each such warrant entitling the holder thereof to purchase one (1) New Carpincho

Share at a price of $1.40 per New Carpincho Share for a period of 24 months from the Effective Date;

"**Non-Brokered Financing**" means the non-brokered financing of up to 6,250,000 Finco Subscription Receipts by Finco at a price of $0.80 per Finco Subscription Receipt; the gross proceeds of which will be placed in escrow and released to Finco, and the Finco Subscription Receipts will automatically be converted into Finco Units, on satisfaction of certain escrow release conditions, and each Finco Share will then be exchanged for one New Carpincho Share and each whole Finco Warrant will then be exchanged for one New Carpincho Warrant, respectively, in connection with the Transaction and the Amalgamation;

"**Release Conditions**" shall have the meaning given to it in the Subscription Receipt Agreement;

"**Share Exchange Agreement**" means the share exchange agreement dated April 26, 2018 among Carpincho, MMDC and the shareholders of MMDC;

"**Subco Shares**" means the issued and outstanding common shares in the capital of Subco;

"**Subscription Receipt Agent**" means Odyssey Trust Company, in its capacity as subscription receipt agent appointed pursuant to the terms of the Subscription Receipt Agreement;

"**Subscription Receipt Agreement**" means the subscription receipt agreement to be entered into among Finco, the Subscription Receipt Agent and Beacon Securities Limited governing the terms of the Finco Subscription Receipts;

"**subsidiary**" shall have the meaning ascribed thereto in the Act;

"**Termination Deadline**" means June 30, 2018;

"**Transaction**" means, together with the Amalgamation, the sale by the shareholders of MMDC and the acquisition by Carpincho of all of the shares of MMDC to form a resulting issuer company as contemplated pursuant to the terms of the Share Exchange Agreement, and effect a stock exchange listing on the CSE, and all ancillary matters to be completed in connection with the foregoing; and

"**Transfer Agent**" means Odyssey Trust Company, in its capacity as registrar and transfer agent for the New Carpincho Shares.

(b) The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereby" and "hereunder" and similar expressions refer to this Agreement (including the appendices hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

(c) Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

(d) If any date on which any action is required to be taken hereunder by any of the parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

(e) Unless otherwise stated, all sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

(f) Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS.

(g) In this Agreement, whenever a representation or warranty is made on the basis of the knowledge or awareness of a party, such knowledge or awareness consists only of the actual collective knowledge or awareness, as of the date hereof, of the senior officers of such party, in their capacity as senior officers of such party and not in their personal capacity and without personal liability, but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge; provided that the party making the representation and warranty shall have conducted a reasonable investigation as to the subject matter relating thereto and the level of such investigation shall be that of a reasonably prudent person investigating a material consideration in the context of a material transaction and the use of such phrase shall constitute a representation and warranty by the party making the representation and warranty in each case that such investigation has actually been made.

(h) References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

(i) The following Appendices are annexed to this Agreement and are hereby incorporated by reference into the Agreement and form part hereof:

Schedule “A” Amalgamation Agreement

2. **Amalgamation**. The Amalgamating Parties hereby agree to amalgamate and continue as one corporation under the provisions of the Act upon the terms and conditions hereinafter set out. Each of Carpincho and Finco acknowledge and agree that the Amalgamation and the matters related thereto as contemplated hereby are subject to (a) the receipt of all regulatory approvals; and (b) the approval of the Amalgamation by the shareholders of each of Finco and Subco, all in accordance with Applicable Laws. In furtherance of the foregoing, subject to the terms and conditions herein set forth and on the basis of the covenants, representations, warranties and agreements of the parties herein contained, each of Finco, Subco and Carpincho covenant and agree to:

   (a) enter into the Amalgamation Agreement forthwith after receipt of the requisite approvals of the securityholders of each of Finco and Subco to the Amalgamation, all as further set forth herein;

   (b) co-operate with each other, as promptly as reasonably practicable, in the preparation of all documents required by applicable legislation and/or regulation in connection with all securityholder and regulatory approvals required in respect of the Amalgamation and the other matters contemplated hereby, and in connection therewith, each party shall provide such other parties with such information and material concerning its affairs as the other parties shall reasonably request;

(c) use all commercially reasonable efforts and do all things necessary or reasonably desirable on its part to facilitate the implementation of the Amalgamation and all related matters in connection therewith as set forth herein prior to the Termination Deadline, including, without limiting the generality of the foregoing, as applicable:

(i) the approval of the CSE for the listing of the New Carpincho Shares to be issued in connection with the Amalgamation;

(ii) obtaining such other consents, orders or approvals as counsel to Finco, Subco and Carpincho may advise are necessary or desirable to be obtained for the implementation of the Amalgamation, and preparing and delivering all necessary documents in connection therewith; and

(iii) subject to obtaining the approval of the holders Finco Shares and the approval of Carpincho as the sole shareholder of Subco: (A) the filing with the Director of the Articles of Amalgamation to be made effective at 12:01 a.m. (Toronto time) on the Effective Date (the "**Effective Time**"); and (B) the obtaining of the Certificate in that regard; and

(d) take and cause to be taken such other steps and actions and execute such other documents, agreements and instruments as may be reasonably necessary or desirable in connection with the consummation of the transactions contemplated hereby.

3. **Effect of Amalgamation**. Subject to the terms and conditions of this Agreement, on the Effective Date, in accordance with section 185 of the Act:

(a) the Amalgamation shall be effective;

(b) Amalco shall be authorized to issue an unlimited number of shares designated as common shares which shall have the rights, privileges, restrictions and conditions set forth in the Articles of Amalgamation;

(c) there shall be no restrictions on the business that Amalco may carry on;

(d) the property of each of the Amalgamating Parties shall continue to be the property of Amalco;

(e) Amalco shall continue to be liable for the obligations of each of the Amalgamating Parties;

(f) any existing cause of action, claim or liability to prosecution with respect to either or both of the Amalgamating Parties shall be unaffected;

(g) any civil, criminal or administrative action or proceeding pending by or against any of the Amalgamating Parties may be continued to be prosecuted by or against Amalco;

(h) any conviction against, or ruling, order or judgment in favour of or against, any of the Amalgamating Parties may be enforced by or against Amalco;

(i) the by-laws of Subco shall be the by-laws of Amalco; and

(j) the Articles of Amalgamation will be deemed to be the articles of incorporation of Amalco.

4. **Finco Financing**. Finco shall use its commercially reasonable efforts to complete the Finco

Financing prior to the Effective Date.

(a) Additional terms of the Finco Financing.

(i) Upon the closing of Finco Financing, the gross proceeds raised from the sale of the Subscription Receipts, less the reasonable fees, disbursements and applicable taxes thereon of the agents to the Brokered Financing (up to a maximum of $150,000, exclusive of disbursements and taxes) incurred prior to the closing date of the Finco Financing shall be deposited with the Subscription Receipt Agent pursuant to the terms of the Subscription Receipt Agreement, and such funds and all interest earned thereon will only be released in accordance with the terms thereof in the event that the Release Conditions are satisfied on or prior to the Termination Deadline, all in accordance with the terms of the Subscription Receipt Agreement.

(ii) Each Subscription Receipt will be exchangeable into one Finco Unit in accordance with the terms of the Subscription Receipt Agreement and on satisfaction of the Release Conditions.

(iii) if the Release Conditions are not satisfied or waived on or prior to the Termination Deadline (as the same may be extended in accordance with the terms of the Subscription Receipt Agreement), then all of the issued and outstanding Finco Subscription Receipts shall be cancelled and the Escrowed Funds (as such term is defined in the Subscription Receipt Agreement) shall be used to pay holders of Finco Subscription Receipts an amount equal to $0.80 per Finco Subscription Receipt held (plus an amount equal to a *pro rata* share of any interest or other income earned thereon) without any further action or formality, all in accordance with the terms and conditions of the Subscription Receipt Agreement.

5. **Treatment of Securities**. Subject to the terms and conditions of this Agreement, on the Effective

Date:

(a) each issued and outstanding Subco Share shall be converted into one fully paid and non-assessable Amalco Share;

(b) each one (1) issued and outstanding Finco Share shall immediately be converted into the right to receive one (1) New Carpincho Share, resulting in the issuance of up to 37,500,100 New Carpincho Shares in the aggregate to be distributed proportionately amongst the holders of such Finco Shares, and all such Finco Shares shall be cancelled;

(c) each Finco Warrant outstanding on the Effective Date shall be cancelled and its place Carpincho shall issue one (1) New Carpincho Warrant on the same terms and conditions as the cancelled Finco Warrants, except to the extent their terms may be adjusted (in accordance with the terms of such Finco Warrant) to reflect the Amalgamation; and

(d) each Finco Compensation Option outstanding on the Effective Date shall be cancelled and in its place Carpincho shall issue one (1) New Carpincho Compensation Option on the same terms and conditions as the cancelled Finco Compensation Options, except to the extent their terms may be adjusted (in accordance with the terms of such Finco Compensation Option) to reflect the Amalgamation.

6. **Issuance of Amalco Shares to Carpincho**. On the Effective Date, in consideration of Carpincho issuing the New Carpincho Shares to the holders of Finco Shares as provided for in Subsection 5(b), Amalco shall allot and issue to Carpincho one fully paid and non-assessable Amalco Share for each Finco Share outstanding immediately before the Effective Date.

7. **Fractional Shares**. Notwithstanding Section 5 of this Agreement, no fractional New Carpincho Shares will be issuable to Finco Shareholders pursuant to the Amalgamation, and no cash payment or other form of consideration will be payable in lieu thereof. Any such fractional New Carpincho Share interest to which a Finco Shareholder would otherwise be entitled pursuant to the Amalgamation will be rounded down to the nearest whole New Carpincho Share. Notwithstanding the foregoing, each Finco Shareholder shall receive a minimum of one (1) New Carpincho Share.

8. **Certificates**.

(a) At the Effective Time:

(i) the Finco Shareholders (other than holders of Finco Shares on conversion of the Finco Subscription Receipts) shall be deemed to be the registered holders of the New Carpincho Shares to which they are entitled hereunder. All Finco Shareholders (other than holders of Finco Shares on conversion of the Finco Subscription Receipts) shall be required to deliver and surrender to the Transfer Agent the certificates representing all of their respective Finco Shares which have been exchanged for New Carpincho Shares in accordance with Subsection 5(b) hereof, and such other documentation as may be required by the Transfer Agent, following which the Transfer Agent shall, as soon as practicable, issue to such Finco Shareholders certificates representing the number of New Carpincho Shares to which such Finco Shareholders are entitled;

(ii) Carpincho, as the registered holder of the Subco Shares, shall be deemed to be the registered holder of the Amalco Shares to which it is entitled hereunder and, upon surrender of the certificates representing such Subco Shares to Amalco, Carpincho shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled as set forth in Section 6 hereof; and

(iii) share certificates evidencing Finco Shares shall cease to represent any claim upon or interest in Finco or Amalco other than the right of the registered holders of Finco Shares to receive pursuant to the terms hereof and the Amalgamation, New Carpincho Shares in accordance with Section 5 hereof, all as further set forth herein.

(b) Immediately following the satisfaction of the Release Conditions:

(i) the holders of Finco Subscription Receipts shall be deemed to be the registered holders of the Finco Shares and Finco Warrants to which they are entitled

pursuant to the terms of the Finco Subscription Receipts. No certificates shall be delivered to any securityholder of Finco evidencing any Finco Shares or Finco Warrants and accordingly, any securityholder of Finco which is entitled to any Finco Shares or Finco Warrants issuable upon conversion of the Subscription Receipts pursuant to the Subscription Receipt Agreement, shall receive delivery of certificates representing the number of New Carpincho Shares and New Carpincho Warrants to which such holder is entitled pursuant to the Amalgamation directly from the Transfer Agent as soon as practicable following the Amalgamation, without any further action on the part of such securiyholder of Finco;

(ii) certificates evidencing Subscription Receipts shall cease to represent any claim upon or interest in Finco other than the right of the registered holder to receive pursuant to the terms of the Amalgamation, New Carpincho Shares and New Carpincho Warrants, respectively, in accordance with Section 5 hereof; and

(iii) holders of Finco Compensation Options shall be deemed to be the registered holders of the New Carpincho Compensation Options to which they are entitled hereunder and, upon surrender of the certificates representing such Finco Compensation Options to Carpincho, holders of the Finco Compensation Options shall be entitled to receive certificates representing the number of New Carpincho Compensation Options to which they are entitled as set forth in Section 5 hereof.

9. **Stated Capital**. The stated capital of Amalco immediately following the Amalgamation but prior to giving effect to the issuance of Amalco Shares as provided for in Section 6 of this Agreement, shall be as set forth in the Amalgamation Agreement or as may otherwise be agreed upon between the parties hereto.

10. **Articles of Amalgamation**. Upon the Finco Shareholders and Carpincho, as the sole shareholder of Subco, approving the Amalgamation on the terms and subject to the conditions set forth in this Agreement, in each case in accordance with Applicable Laws, and provided that the conditions to the completion of the Amalgamation specified in Sections 17, 18 and 19 hereof have then been satisfied or waived (to the extent such waiver is permitted hereunder), Finco and Subco shall jointly file, in duplicate, with the Director appointed under the Act, the Articles of Amalgamation and such other documents as may be required pursuant to the Act.

11. **Covenants of Finco**. Finco hereby covenants and agrees with Subco and Carpincho that it will:

(a) use its commercially reasonable efforts to obtain, on or prior to the Effective Date, the approval of the Amalgamation by Finco Shareholders by way of unanimous written consent resolution executed by such all of the Finco Shareholders, all in accordance with Applicable Laws;

(b) use all commercially reasonable efforts to complete the Finco Financing, as soon as practicable and as market conditions permit, on terms acceptable to both Finco and Carpincho, each acting reasonably;

(c) act in good faith and use all commercially reasonable efforts to cause each of the conditions precedent to the Amalgamation set forth in Sections 17 and 18 hereof to be complied with, in each case on or prior to the Effective Date;

(d) unless Carpincho otherwise agrees in writing, such consent not to be unreasonably withheld, until the earlier of the Effective Date and the date that this Agreement is terminated by its terms,

(i) not carry on any business other than the completion of the Finco Financing and the Amalgamation;

(ii) not: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or make any other distribution or payment (whether in cash, shares or property) in respect of its outstanding securities; (iii) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (iv) split, combine or reclassify any of its securities; (v) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation or reorganization; (vi) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing; (vii) other than in connection with the Finco Financing, issue any Finco Shares or securities convertible into Finco Shares, or effect any financing transaction whether by means of debt, equity or otherwise, or issue, grant, sell, pledge, lease, dispose of or encumber or agree to issue, grant, sell, pledge, lease, dispose of or encumber, any Finco Shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Finco Shares; or (viii) solicit, initiate or take any other action, directly or indirectly, which may result in Finco becoming a "reporting issuer" (or the equivalent) under the securities laws of any province or territory of Canada;

(iii) not directly or indirectly, through any officer, director, affiliate, agent or advisor of Finco, solicit, initiate, knowingly encourage, or enter into any agreements in respect of any new acquisitions by Finco, without the prior written consent of Carpincho;

(iv) not grant any officer, director or employee an increase in compensation in any form, grant any general salary increase, take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements for any directors, officers or employees, nor adopt or amend any stock option or other employee compensation plans, nor make any loan to any officer, director or any other party not at arm's length;

(v) not take any action or refrain from taking any action inconsistent with this Agreement which might reasonably be expected to directly or indirectly interfere with or affect the consummation of the Amalgamation; and

(e) subject to the conditions set forth in Sections 17, 18 and 19 hereof being obtained, jointly with Subco, file with the Director the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.

12. **Covenants of Carpincho**. Carpincho hereby covenants and agrees with Finco that it will:

(a) sign a special resolution, on or prior to the Effective Date, as the sole shareholder of Subco in favour of the approval of the Amalgamation, this Agreement and the transactions contemplated hereby in accordance with the Act;

(b) act in good faith and use all commercially reasonable efforts to cause each of the conditions precedent set forth in Section 17 and 19 hereof to be complied with, in each case on or prior to the Effective Date;

(c) unless Finco otherwise agrees in writing, such consent not to be unreasonably withheld, until the earlier of the Effective Date and the date that this Agreement is terminated by its terms,

(i) not carry on any business except as required to complete the Amalgamation, or any of the matters related thereto as contemplated hereby, and retain its status as reporting issuer not in default under applicable Canadian provincial Securities Laws applicable in the Provinces of Alberta, Ontario, Quebec, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador, not borrow any money or incur any indebtedness (except for trade payables incurred in the ordinary course or to pursue the Amalgamation and related transactions);

(ii) not take any action or refrain from taking any action inconsistent with this Agreement which might reasonably be expected to directly or indirectly interfere with or affect the consummation of the Amalgamation or any of the matters related thereto as contemplated hereby;

(iii) not, except as required to complete the Amalgamation or any of the matters related thereto as contemplated hereby: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or make any other distribution or payment (whether in cash, shares or property) in respect of its outstanding securities; (iii) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (iv) split, combine or reclassify any of its securities; (v) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation or reorganization; (vi) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing; or (vii) issue any Carpincho Shares or securities convertible into Carpincho Shares, or effect any financing transaction whether by means of debt, equity or otherwise, or issue, grant, sell, pledge, lease, dispose of or encumber or agree to issue, grant, sell, pledge, lease, dispose of or encumber, any Carpincho Shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Carpincho Shares except in connection with the exercise of outstanding special warrants of Carpincho to acquire an aggregate of 1,000,000 Carpincho Shares;

(iv) not directly or indirectly, through any officer, director, affiliate, agent or advisor of Carpincho, solicit, initiate, knowingly encourage, or enter into any agreements in respect of any new acquisitions by Carpincho, without the prior written consent of Finco; and

(v) not grant any officer, director or employee an increase in compensation in any form, grant any general salary increase, take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements for any directors, officers or employees, nor adopt or amend any stock option or other employee compensation plans, nor make any loan to any officer, director or any other party not at arm's length; and

(d) subject to the conditions set forth in Sections 17, 18 and 19 hereof being obtained, issue that number of New Carpincho Shares as required by Subsection 5(b) hereof on completion of the Amalgamation.

13. **Covenants of Subco**. Subco hereby covenants and agrees with Finco that it will:

(a) until the Effective Date, not carry on active business (other as is necessary to effect the Amalgamation);

(b) use its commercially reasonable efforts to cause each of the conditions precedent set forth in Sections 17 and 19 hereof to be complied with on or prior to the Effective Date;

(c) unless Finco otherwise agrees in writing, until the earlier of the Effective Date and the date that this Agreement is terminated by its terms,

(i) not conduct any business (other than as required in connection with the Amalgamation), and shall use all commercially reasonable efforts to maintain and preserve its corporate existence; and

(ii) not directly or indirectly, amend its constating documents, declare, set aside or pay any dividend or other distribution or payment or otherwise to or for the benefit of its shareholders or reduce its stated capital; and

(d) subject to the conditions set forth in Sections 17, 18 and 19 hereof being obtained, jointly with Finco, file with the Director the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation upon and subject to the terms and conditions of this Agreement.

14. **Representations and Warranties of Carpincho**. Carpincho represents and warrants to and in favour of Finco as follows, and acknowledges that Finco is relying upon such representations and warranties:

(a) Carpincho is a corporation existing under the federal laws of the Canada and has the corporate power, capacity and authority to carry on its business as currently conducted; own, lease and operate its property and assets; enter into and perform its obligations under this Agreement in accordance with the provisions hereof; and to issue and deliver the New Carpincho Shares in connection with the Amalgamation;

(b) this Agreement has been duly authorized, executed and delivered by Carpincho and constitutes a valid and binding obligation of Carpincho enforceable in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in Applicable Laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally);

(c) Since October 18, 2010, Carpincho has carried on no business other than activities as a venture capital company seeking assets or businesses with good growth potential to merge with or acquire;

(d) the Amalgamation has been authorized by all necessary corporate action on the part of Carpincho and the issue and delivery of the New Carpincho Shares, New Carpincho Warrants and New Carpincho Compensation Options on the Effective Date pursuant to the Amalgamation will be authorized by all necessary corporate action on the part of Carpincho prior to the Effective Date;

(e) there is no requirement to make any filing with, give any notice to, or obtain any authorization of, any governmental authority, or to obtain any consent, approval or authorization of any other party or person (other than the approval of the shareholders of each of Finco and Subco), as a condition to the lawful completion of the transactions contemplated by this Agreement, including specifically the Amalgamation, except for the filing of the Articles of Amalgamation giving effect to the Amalgamation and other filings, notifications and authorizations required under applicable securities laws;

(f) to its knowledge, Carpincho is not in default of any requirement of Applicable Laws which would reasonably be expected to have a Carpincho Material Adverse Effect;

(g) on the Effective Date, the New Carpincho Shares will be duly and validly issued and outstanding as fully paid and non-assessable, and the New Carpincho Warrants and New Carpincho Compensation Options will be duly and validly issued;

(h) other than Subco, Carpincho has no direct or indirect subsidiaries or branches;

(i) the authorized capital of Carpincho consists of an unlimited number of Carpincho Shares, of which 5,000,000 Carpincho Shares are issued and outstanding as of the date of this Agreement, all of which shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any preemptive rights, and immediately prior to the Effective Time, there will be no more than 5,250,000 New Carpincho Shares issued and outstanding;

(j) no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of Carpincho, or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, option or right for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of Carpincho, other than (A) special warrants to acquire an aggregate of 1,000,000 Carpincho Shares; and (B) as contemplated hereby in connection with the Amalgamation;

(k) the authorized capital of Subco consists of an unlimited number of Subco Shares. An aggregate of 100 Subco Shares are issued and outstanding, all of which are owned by Carpincho. All outstanding Subco Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights. No person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of Subco, or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, option or right for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of Subco;

(l) Carpincho is a reporting issuer in the provinces of Alberta, Ontario, Quebec, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. The issued and outstanding Carpincho Shares are not listed or posted for trading on any stock exchange;

(m) since October 18, 2010, Carpincho has filed all documents required to be filed by it in accordance with Applicable Laws to maintain the Acquiror's status as a reporting issuer not on the list of reporting issuers in default under applicable Canadian provincial securities laws in the Provinces of Alberta, Ontario, Quebec, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador. All such documents and information, as of their respective dates (and the dates of any amendments thereto), (1) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (2) complied in all material respects with the requirements of Applicable Laws, and any amendments to Carpincho's public disclosure record required to be made have been filed on a timely basis with the applicable regulatory authorities. Carpincho has not filed any confidential material change report with any applicable regulatory authorities that at the date of this Agreement remains confidential. There has been no change in a material fact or a material change (as those terms are defined under the *Securities Act* (Ontario)) in any of the information contained in Carpincho's public disclosure record, except for changes in material facts or material changes that are reflected in a subsequently filed document included in Carpincho's public disclosure record;

(n) Carpincho's audited financial statements as at and for the years ended June 30, 2016 and 2017 (including the notes thereto and related management's discussion and analysis (the "**Carpincho MD&A**") and Carpincho's unaudited condensed interim financial statements as at and for the six month period ended December 31, 2017 (collectively, the "**Carpincho Financial Statements**") were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"), respectively, consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of Carpincho's independent auditors) and present fairly in all material respects the financial condition, results of operations and changes in financial position of Carpincho as of the dates thereof and for the periods indicated therein and reflect reserves required by IFRS, as applicable, in respect of all material contingent liabilities, if any, of Carpincho;

(o) since October 18, 2010, all taxes (including domestic and foreign federal and provincial income tax, capital tax, payroll and withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales, use and goods and services taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, environmental taxes, capital taxes, production taxes, recapture, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, stamp taxes, employer health tax, workers' compensation payments, real and personal property taxes, custom and land transfer taxes and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing), duties, fees, excises, premiums, royalties, levies, imposts, assessments, deductions, charges or withholdings of any kind whatsoever however denominated, and all liabilities with respect thereto including any arrears, penalty and interest payable with respect thereto imposed by any Governmental Authority responsible for the imposition of any Tax, whether computed on a separate, consolidated, unitary, combined or other basis (collectively, "**Taxes**") due and payable or required to be collected or withheld and remitted, by Carpincho have been paid, collected or withheld and remitted, as applicable; (ii) all tax returns required to be filed by Carpincho have been filed with all appropriate governmental authorities and all such tax returns are complete and accurate and no material fact or facts have been omitted therefrom that would make any of them

misleading; (iii) no examination of any tax return of Carpincho is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any taxes that have been paid, or may be payable, by Carpincho; and (iv) there are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Carpincho;

(p) Carpincho has no outstanding indebtedness, liability or obligation (including liabilities or obligations to fund any operations or work or exploration program, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, and are not party to or bound by any suretyship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any person, other than those specifically disclosed in Carpincho's public disclosure record filed prior to the date of this Agreement, specifically identified in the Carpincho Financial Statements, or incurred in connection with the transactions contemplated herein or maintaining Carpincho's status as a reporting issuer not on the list of reporting issuers in default under Applicable Laws in the Provinces of British Columbia, Alberta, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador;

(q) there is no claim, action, suit, grievance, complaint, proceeding or investigation that has been commenced or, to the knowledge of Carpincho, is threatened affecting Carpincho or affecting any of its property or assets at law or in equity before or by any governmental entity, which, individually or in the aggregate, if determined adversely to Carpincho, as the case may be, has or could reasonably be expected to result in liability to Carpincho. Neither Carpincho nor its respective assets or properties is subject to any outstanding judgment, order, writ, injunction or decree;

(r) neither the authorization, execution and delivery of this Agreement by Carpincho nor the completion of the transactions contemplated by this Agreement or the Amalgamation, nor the performance of its obligations thereunder, nor compliance by Carpincho with any of the provisions hereof will: (A) result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to acquire or sale under, any provision of: (i) the notice of articles, articles of incorporation, or other constating documents of Carpincho or any of its subsidiaries, (ii) any permit or material contract to which Carpincho is a party or to which it, or its properties or assets, may be subject or by which Carpincho is bound, or (iii) any law, regulation, order, judgment or decree applicable to Carpincho or any of its subsidiaries or any of their respective properties or assets; and (B) give rise to any rights of first refusal or trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitation under any note, bond, mortgage, indenture, material contract, license, franchise or permit to which Carpincho is a party (except, in the case of each of clauses (i), (ii) and (iii) above, for such breaches, violations, conflicts, defaults, terminations or accelerations which would not have a Carpincho Material Adverse Effect);

(s) Carpincho has complied with and is not in violation of any Applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Carpincho Material Adverse Effect and has not received any written notices or other

correspondence from any governmental entity regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material license, permit, authorization, approval, registration or consent of a governmental entity relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of Carpincho to operate its businesses in a manner which would have a Carpincho Material Adverse Effect;

(t) there is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Carpincho that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which could reasonably be expected to have a Carpincho Material Adverse Effect;

(u) other than as set forth in Carpincho's public disclosure record, there are no contracts or other transactions currently in place between Carpincho or Subco, on the one hand, and: (i) any officer or director of Carpincho or Subco; (ii) any holder of record or, to the knowledge of Carpincho, beneficial owner of 10% or more of the Carpincho Shares; and (iii) any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand;

(v) Carpincho is not subject to any cease trade or other order of any Applicable Laws and, to the knowledge of Carpincho, no investigation or other proceedings involving Carpincho which may operate to prevent or restrict trading of any securities of Carpincho are currently in progress or pending before any applicable regulatory authority; and

(w) no agent, broker, investment banker or other firm or person is or will be entitled to claim against Carpincho for any broker's or finder's fee or other commission or similar fee incurred by Carpincho in connection with any of, or the consummation of any of, the transactions contemplated hereby or the Amalgamation.

15. **Representation and Warranties of Finco**. Finco represents and warrants to and in favour of Carpincho and Subco as follows, and acknowledges that Carpincho and Subco are relying upon such representations and warranties:

(a) Finco is a corporation existing under the federal laws of Canada;

(b) Finco has the power and capacity and is duly authorized to execute and deliver, and perform its obligations under, this Agreement and this Agreement is a valid and binding agreement, enforceable against Finco in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in Applicable Laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally) and no other proceeding on the part of Finco is necessary to authorize the transactions contemplated under this Agreement;

(c) Finco has been incorporated solely for the purposes of the Amalgamation and the Finco Financing, and has never carried on any active business (other than such business required in connection with the Amalgamation and the Finco Financing), and has no material assets and no liabilities;

(d) immediately following the satisfaction of the Release Conditions in accordance with the terms of the Subscription Receipt Agreement, the Finco Shares issuable upon the deemed exercise of the Finco Subscription Receipts shall be duly and validly issued and outstanding as fully paid and non-assessable, and the Finco Warrants issuable upon the deemed exercise of the Finco Subscription Receipts shall be issued;

(e) there is no requirement to make any filing with, give any notice to, or obtain any authorization of, any governmental authority, or to obtain any consent, approval or authorization of any other party or person (other than the approval of the shareholders of Finco and Subco as required by the Act), as a condition to the lawful completion of the transactions contemplated by this Agreement, including specifically the Amalgamation, except for the filing of Articles of Amalgamation giving effect to the Amalgamation and other filings, notifications and authorizations required under applicable securities laws;

(f) there are no actions, suits, proceedings or inquiries, including, to the knowledge of Finco, pending or threatened, against or affecting Finco at law or in equity or before or by any federal, state, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality;

(g) neither the authorization, execution and delivery of this Agreement by Finco nor the completion of the transactions contemplated by this Agreement or the Amalgamation, nor the performance of its obligations thereunder, nor compliance by Finco with any of the provisions hereof will: (A) result in a violation or breach of, constitute a default (or an event which, with notice or lapse of time or both, would become a default), require any consent or approval to be obtained or notice to be given under, or give rise to any third party right of termination, cancellation, suspension, acceleration, penalty or payment obligation or right to acquire or sale under, any provision of: (i) the notice of articles, articles of incorporation, or other constating documents of Finco or any of its subsidiaries, (ii) any permit or material contract to which Finco is a party or to which it, or its properties or assets, may be subject or by which Finco is bound, or (iii) any law, regulation, order, judgment or decree applicable to Finco or any of its subsidiaries or any of their respective properties or assets; and (B) give rise to any rights of first refusal or trigger any change in control provisions, rights of first offer or first refusal or any similar provisions or any restrictions or limitation under any note, bond, mortgage, indenture, material contract, license, franchise or permit to which Finco is a party (except, in the case of each of clauses (i), (ii) and (iii) above, for such breaches, violations, conflicts, defaults, terminations or accelerations which would not have a Finco Material Adverse Effect); and

(h) the authorized capital of Finco consists of an unlimited number of Finco Shares, of which 100 Finco Shares are issued and outstanding as of the date hereof, all of which shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights. Other than Finco Subscription Receipts to be issued pursuant to the Finco Financing, there are no other Finco Shares or securities convertible or exercisable for Finco Shares that will be outstanding prior to the completion of the Amalgamation and no person has or prior to completion of the Amalgamation will have, any agreement, right or option (whether direct, indirect or contingent or whether pre-emptive, contractual or by law) to purchase, or otherwise acquire any securities of any nature or kind of Finco. All such Finco Shares to be issued on conversion of the Finco Subscription Receipts will, when issued, be duly and validly issued as fully paid and non-assessable shares of Finco.

16. **Representations and Warranties of Subco**. Subco represents and warrants to and in favour of Finco as follows, and acknowledges that Finco is relying upon such representations and warranties:

(a) Subco is a corporation existing under the federal laws Canada;

(b) Subco has the power and capacity and is duly authorized to execute and deliver, and perform its obligations under, this Agreement and this Agreement is a valid and binding agreement, enforceable against Subco in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in Applicable Laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally) and no other proceeding on the part of Subco, other than the approval of the Amalgamation by Carpincho, as sole shareholder of Subco, is necessary to authorize the transactions contemplated under this Agreement;

(c) Subco has been incorporated solely for the purpose of the Amalgamation and has never carried on any active business (other than such business required in connection with the Amalgamation), and has no material assets and no liabilities;

(d) there is no requirement to make any filing with, give any notice to, or obtain any authorization of, any governmental authority, or to obtain any consent, approval or authorization of any other party or person (other than the approval of the shareholders of Finco and Subco as required by the Act), as a condition to the lawful completion of the transactions contemplated by this Agreement, including specifically the Amalgamation, except for the filing of Articles of Amalgamation giving effect to the Amalgamation and other filings, notifications and authorizations required under applicable securities laws;

(e) there are no actions, suits, proceedings or inquiries, including, to the knowledge of Subco, pending or threatened, against or affecting Subco at law or in equity or before or by any federal, state, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality; and

(f) the authorized capital of Subco consists of an unlimited number of Subco Shares. An aggregate of 100 Subco Shares are issued and outstanding, all of which are owned by Carpincho. All outstanding Subco Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights. No person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of Subco, or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, option or right for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of Subco.

17. **General Conditions Precedent**. The respective obligations of the parties hereto to consummate the transactions contemplated hereby are subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by the mutual consent of such parties without prejudice to their right to rely on any other of such conditions, subject to the last paragraph of this Section 17:

(a) the Finco Financing shall have been completed and the proceeds from the Finco Financing, less the reasonable fees, disbursements and applicable taxes thereon of the agents to the Brokered Financing (up to a maximum of $150,000, exclusive of disbursements and taxes) incurred prior to the closing date of the Finco Financing shall be deposited with the Subscription Receipt Agent pursuant to the terms of the Subscription Receipt Agreement, and shall be held in escrow pending release pursuant to the Transaction;

(b) the Finco Subscription Receipts will have converted into Finco Units immediately prior to the Effective Time;

(c) the Amalgamation shall have been approved by Carpincho as the sole shareholder of Subco by way of written resolution executed by such sole shareholder, all in accordance with the applicable provisions of the Act;

(d) the Amalgamation shall have been approved by the shareholders of Finco, all in accordance with the applicable provisions of the Act;

(e) Carpincho shall have obtained the conditional approval for the listing of the New Carpincho Shares from the CSE, subject only to customary listing conditions of the CSE;

(f) all conditions precedent to the closing of the Transaction shall have been met or waived, provided that any waivers shall require the prior written consent of each of Carpincho and Finco, such consent not to be unreasonably withheld or delayed;

(g) the Articles of Amalgamation to be filed with the Director in accordance with the Amalgamation shall be in form and substance satisfactory to each of Carpincho and Finco, acting reasonably;

(h) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation, the Amalgamation;

(i) all other necessary third party, regulatory and governmental approvals, waivers and consents in respect of the transactions contemplated herein shall have been obtained on terms and conditions satisfactory to Carpincho and Finco, each acting reasonably;

(j) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any existing Applicable Law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Amalgamation or any other transactions contemplated herein; or

(ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;

(k) this Agreement shall not have been terminated pursuant to Section 22 hereof;

(l) the Share Exchange Agreement shall not have been terminated in accordance with its terms; and

(m) the Effective Time shall have occurred on or prior to the Termination Deadline.

The conditions described above are for the mutual benefit of Carpincho, Finco and Subco and may be asserted by Carpincho, Finco and Subco regardless of the circumstances, and such conditions (other than the conditions set forth in Subsections 17(a), 17(b), 17(c), 17(d), 17(e) and 17(f) above) may be waived by Carpincho, Finco and Subco in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Carpincho, Finco and Subco may have.

18. **Conditions to Obligations of Carpincho and Subco**. The obligations of Carpincho and Subco to consummate the transactions contemplated hereby are subject to the satisfaction, on or before the Effective Date (or such other time specified in respect thereof), of the following conditions:

(a) each of the covenants, acts and undertakings of Finco to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by it and there shall have been no Finco Material Adverse Effect from and after the date hereof to the Effective Date;

(b) Carpincho and Subco shall have received a certificate from a senior officer of Finco confirming that the conditions set forth in Sections 17 and 18 hereof have been satisfied;

(c) the representations, warranties, covenants and agreements of Finco set forth in this Agreement (without giving effect to any materiality qualifiers) shall be true and correct as of the date of this Agreement and shall be true and correct as of the Effective Date as if made by Finco immediately preceding the Amalgamation on the Effective Date, except where the failure of such representations and warranties to be true and complete, individually or in the aggregate, would not result or would not reasonably be expected to result in a Finco Material Adverse Effect; and

(d) Finco shall have furnished Carpincho with certified copies of:

(i) the resolutions, duly passed by the sole director of Finco approving the Amalgamation, this Agreement and the consummation of the transactions contemplated hereby;

(ii) the resolutions, duly passed by the sole director of Finco, approving the Finco Financing; and

(iii) the resolutions of the Finco Shareholders approving the Amalgamation in accordance with the terms hereof.

The conditions described above are for the exclusive benefit of Carpincho and Subco and may be asserted by Carpincho and Subco regardless of the circumstances, and such conditions may be waived by Carpincho and Subco in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Carpincho and Subco may have.

19. **Conditions to Obligations of Finco**. The obligations of Finco to consummate the transactions contemplated hereby are subject to the satisfaction, on or before the Effective Date (or such other time specified in respect thereof), of the following conditions:

(a) each of the covenants, acts and undertakings of Carpincho and Subco to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by them and there shall have been no Carpincho Material Adverse Effect from and after the date hereof to the Effective Date;

(b) Finco shall have received a certificate from a senior officer of each of Carpincho and Subco confirming that the conditions set forth in Sections 17 and 19 hereof have been satisfied;

(c) the representations, warranties, covenants and agreements of Carpincho and Subco set forth in this Agreement (without giving effect to any materiality qualifiers) shall be true and correct as of the date of this Agreement and shall be true and correct as of the Effective Date as if made by Carpincho or Subco, as the case may be, immediately preceding the Amalgamation on the Effective Date, except where the failure of such representations and warranties to be true and complete, individually or in the aggregate, would not result or would not reasonably be expected to result in a Carpincho Material Adverse Effect;

(d) completion of the Consolidation; and

(e) Carpincho shall have furnished Finco with certified copies of:

(i) the resolutions, duly passed by the board of directors of Carpincho: (A) approving the Amalgamation, this Agreement and the consummation of the transactions contemplated hereby; and (B) conditionally allotting for issuance the aggregate number of New Carpincho Shares that may be required to be issued in accordance with the terms of this Agreement upon the Amalgamation taking effect; and

(ii) the written resolution of the sole shareholder of Subco approving the Amalgamation in accordance with the terms hereof.

The conditions described above are for the exclusive benefit of Finco and may be asserted by Finco regardless of the circumstances, and such conditions may be waived by Finco in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Finco may have.

20. **Notice and Effect of Failure to Comply with Conditions.** Each of Finco and Carpincho (on its behalf and on behalf of Subco) shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, (i) cause any of the representations or warranties of any party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any party hereunder provided, however, that no such notification will affect the representations or warranties of the parties or the conditions to the obligations of the parties hereunder.

21. **Amendment**. This Agreement may at any time and from time to time be amended by written agreement of the parties hereto without, subject to Applicable Law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties hereto;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants contained herein and waive or modify performance of any of the obligations of the parties hereto; or

(d) waive compliance with or modify any other conditions precedent contained herein; provided that no such amendment shall change the provisions hereof regarding the consideration to be received by Finco Shareholders in exchange for their Finco Shares without approval by the shareholders of Finco given in the same manner as required for the approval of the Amalgamation.

22. **Termination**. This Agreement may be terminated:

(a) at any time prior to the issuance of the Certificate, by mutual written agreement of the respective boards of directors of the parties hereto, without further action on the part of the shareholders of Finco, Carpincho or Subco;

(b) at any time prior to the Termination Deadline, by either Finco or Carpincho, if the Share Exchange Agreement is terminated;

(c) at any time after the Termination Deadline, by either Finco or Carpincho (on its behalf and on behalf of Subco) by notice in writing to the other Party, provided that such terminating party is not in material breach of this Agreement, if the Certificate has not been issued by the Director on or before such date, without further action on the part of the shareholders of Finco, Carpincho or Subco;

(d) by either the Carpincho or Finco upon notice to the other in the event that the Finco Financing is not completed on or prior to April 30, 2018 provided that if the lead agent for the Finco Financing has confirmed in writing prior to April 30, 2018 that commitments for the full Finco Financing have been received but closing has not yet occurred, such date will be extended to May 6, 2018;

(e) either Carpincho or Finco, if there shall be any Applicable Law that makes consummation of the Amalgamation illegal or otherwise prohibited, any applicable regulatory authority having notified in writing either Carpincho or Finco that it will not permit the Amalgamation to proceed, or if any judgment, injunction, order or decree of a competent governmental entity enjoining Carpincho or Finco from consummating the Amalgamation shall be entered and such judgment, injunction, order or decree shall have become final and non-appealable;

(f) provided Carpincho and Subco are not in material breach of this Agreement, upon five Business Days' written notice by Carpincho (on its behalf and on behalf of Subco) to Finco, at any time prior to the Effective Date if Finco is in breach of any of its representations or warranties made in this Agreement (without giving effect to any materiality qualifiers contained therein) or covenants made in this Agreement which breach individually or in the aggregate causes or would be reasonably expected to cause a Finco Material Adverse Effect; or

(g) provided Finco is not in material breach of this Agreement, upon five Business Days' written notice by Finco to Carpincho (on its own behalf and on behalf of Subco), at any time prior to the Effective Date if Carpincho or Subco is in breach of any of its representations or warranties made in this Agreement (without giving effect to any materiality qualifiers contained therein) or covenants made in this Agreement which breach individually or in the aggregate causes or would be reasonably expected to cause a Carpincho Material Adverse Effect.

Following the termination of this Agreement in accordance with any of the above provisions, this agreement will terminate but the provisions in Sections 23 (Costs and Expenses) and 25 (Confidentiality) shall remain binding and enforceable and in full force and effect. If this Agreement is terminated pursuant to any provision of this Agreement, the parties shall return all materials and copies of all materials delivered to Finco or Carpincho, as the case may be, or their respective representatives.

23. **Costs and Expenses**. The parties acknowledge and agree that, whether or not the transactions contemplated hereby are completed, all costs and expenses relating to the transactions contemplated by this Agreement will be paid by the party incurring same.

24. **Binding Effect**. This Agreement shall be binding upon and enure to the benefit of the parties hereto.

25. **Confidentiality.**

(a) "**Confidential Information**" means any information relating to the disclosing party's businesses, operations, assets, liabilities, plans, prospects or affairs, or to the transactions contemplated hereby, which has been or is disclosed to or acquired by the receiving parties regardless of whether such information is in oral, visual, electronic, written or other form and whether or not it is identified as "confidential".

Confidential Information does not include any information that:

(i) is or becomes generally available to the public other than as a result of disclosure directly or indirectly by the receiving parties or their directors, officers, employees, agents, representatives or advisors (the "**Representatives**");

(ii) is or becomes available to the receiving parties on a non-confidential basis from a source other than the disclosing party unless the receiving parties know after reasonable inquiry that such source is prohibited from disclosing the information to the receiving parties by a contractual, fiduciary or other legal obligation to the disclosing party; or

(iii) the receiving parties can show was independently acquired or developed by the receiving parties prior to the disclosure by the other party and without the use of any Confidential Information;

(b) The receiving parties shall keep confidential the Confidential Information, shall not disclose the Confidential Information in any manner whatsoever, in whole or in part, except as permitted by this Section 25, and shall use the Confidential Information solely to evaluate the transactions contemplated hereby and not directly or indirectly for any other purpose.

(c) The receiving parties shall not disclose to any person the fact that the Confidential Information has been made available, this Agreement has been entered into, discussions or negotiations are taking place or have taken place concerning a possible transaction, or any of the terms, conditions or other facts with respect to the foregoing, including the status thereof, except as permitted by this Agreement. Notwithstanding the foregoing, the parties acknowledge and agree that Carpincho shall be required to disclose the terms hereof in accordance with the applicable timely disclosure obligations.

(d) The receiving parties may disclose Confidential Information to their Representatives but only to the extent that such Representatives need to know the Confidential Information for the purposes of evaluating the transactions contemplated hereby, have been informed of the confidential nature of the Confidential Information, are directed to hold the Confidential Information in the strictest confidence, and agree to act in accordance with the terms and conditions of this Agreement. Each party shall cause its Representatives to observe the terms of this Agreement and is responsible for any breach by its Representatives of any of the provisions of this Agreement.

(e) The disclosure restrictions contained in this Agreement do not apply to disclosure that is required by Applicable Laws, unless the receiving parties are permitted or required by Applicable Law to refrain from making such disclosure for confidentiality or other reasons, or that the disclosing party gives the receiving parties prior written consent to disclose. Prior to making any disclosure pursuant to Applicable Laws, the receiving parties shall, to the extent not prohibited by Applicable Laws:

(i) give the disclosing party prompt notice of the requirement and the proposed content of any disclosure;

(ii) at the disclosing party's request and expense, co-operate with the disclosing party in limiting the extent of the disclosure and in obtaining an appropriate protective order or pursuing such legal action, remedy or assurance as the disclosing party deems necessary to preserve the confidentiality of the Confidential Information, at the disclosing party's cost; and

(iii) if a protective order or other remedy is not obtained or the disclosing party fails to waive compliance with the provisions of this Agreement, disclose only that portion of the Confidential Information that it is required to disclose and exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment is given to the Confidential Information disclosed.

(f) The receiving parties shall make the same efforts to safeguard the Confidential Information as they make to safeguard their own confidential and proprietary business information, or all commercially reasonable efforts to safeguard the Confidential Information if such efforts would impose on it a higher standard of care.

(g) If this Agreement is terminated pursuant to Section 22, each party shall, subject to Section 25(h), within seven Business Days of such termination:

(i) return all Confidential Information to the other party without retaining any copies; or

(ii) destroy or permanently erase all copies of the Confidential Information; and

(iii) certify to the other party in writing that this Section 25(g) has been complied with Return or destruction of Confidential Information shall not minimize the receiving party's obligation to protect and maintain the Confidential Information in the strictest confidence as provided for herein.

(h) Despite 24(g), Carpincho and Finco may each retain data or electronic records containing the Confidential Information solely for the purposes of backup, recovery, contingency planning or business continuity planning so long as such data or records are not accessible in the ordinary course of business and are not accessed except as required for backup, recovery, contingency planning or business continuity purposes. Each party shall keep such retained Confidential Information confidential, subject to the terms of this Agreement. Carpincho and Finco shall permanently delete any data or records that are restored or otherwise become accessible in the ordinary course of business.

26. **Entire Agreement**. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supercedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties with respect to the subject matter hereof.

27. **Assignment**. No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of each of the other parties.

28. **Press Releases**. Notwithstanding any other provision hereof, all press releases issued by any of Subco, Carpincho and/or Finco in connection with the Amalgamation or other matters contemplated hereby must be provided to each of Carpincho and Finco for approval and comment prior to their release, provided however that this Section 28 shall not be interpreted so as to prohibit any party from complying with its timely disclosure obligations under Applicable Laws.

29. **Further Assurances**. Each of the parties hereto agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.

30. **Notice**. Any notice which a party may desire to give or serve upon another party shall be in writing and may be delivered or sent by e-mail to the following addresses:

(a) 10653918 Canada Inc.

Suite 2100, Scotia Plaza
40 King Street W.
Toronto, Ontario M5H 3C2
Attention: David Gardos

E-mail: dennisplogan@gmail.com or dgardos@casselsbrock.com

(b) Carpincho Capital Corp. or Subco

181 University Avenue, Suite 800
Toronto, Ontario M5H 2X7
Attention: Chief Executive Officer

E-mail: lonnie@acuitylaw.ca

or to such other address as the party to or upon whom notice is to be given or served has communicated to the other parties by notice given or served in the manner provided for in this Section. Notice shall be deemed to be given on the date of delivery and in the case of e-mail, notice shall be deemed to be given on the date of the e-mail.

31. **Time of Essence**. Time shall be of the essence of this Agreement.

32. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF this Master Agreement has been duly executed by the parties hereto as of the date first written above.

10653918 CANADA INC.

Per: /s/ Dennis Logan
Name: Dennis Logan
Title: President & CEO

CARPINCHO CAPITAL CORP.

Per: /s/ Lonnie Kirsh
Name: Lonnie Kirsh
Title: President

10713791 CANADA INC.

Per: /s/ Lonnie Kirsh
Name: Lonnie Kirsh
Title: President

SCHEDULE "A"

AMALGAMATION AGREEMENT

THIS AGREEMENT made as of the ● day of ●, 2018

AMONG:

10653918 CANADA INC.
a corporation incorporated under the federal laws of Canada ("**Finco**")

- and -

10713791 CANADA INC.
a corporation incorporated under the federal laws of Canada ("**Subco**")

- and -

CARPINCHO CAPITAL CORP.

a corporation incorporated under the federal laws of Canada ("**Carpincho**")

RECITALS:

WHEREAS Carpincho, Subco and Finco have entered into a master agreement dated as of April 26, 2018 pursuant to which the parties thereto have agreed that the business and assets of Finco will be combined with those of Carpincho (the "**Master Agreement**");

AND WHEREAS it is desirable for Subco and Finco to amalgamate (the "**Amalgamation**") under the CBCA (as hereinafter defined) upon the terms and conditions hereinafter set out;

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto do hereby agree as follows:

Interpretation

In this Agreement including the recitals:

"**Acquisition**" means the acquisition by Carpincho of Finco pursuant to the terms of the Master Agreement;

"**Agreement**" means this agreement and any amendment made to this Agreement;

"**Amalco**" means the corporation resulting from the Amalgamation and continuing the corporate existence of the Amalgamating Corporations;

"**Amalco Shares**" means the common shares in the capital of Amalco;

"**Amalgamating Corporation**" means each of Subco and Finco and "**Amalgamating Corporations**" means both of them;

"**Amalgamation**" means the amalgamation of the Amalgamating Corporations pursuant to the provisions of section 185 of the CBCA in the manner contemplated in and pursuant to this Agreement;

"**Finco Shares**" means common shares in the capital of Finco;

"**Finco Shareholder**" means a registered holder of Finco Shares, from time to time, and "**Finco Shareholders**" means all of such holders;

"**CBCA**" means the *Canada Business Corporations Act*, as the same has been and may hereafter from time to time be amended;

"**Certificate of Amalgamation**" means the certificate of amalgamation to be issued by the Director in respect of the Amalgamation;

"**Carpincho Shares**" means common shares in the capital of Carpincho as constituted immediately prior to the Amalgamation;

"**Director**" means the director appointed under section 260 of the CBCA;

"**Effective Date**" means the date shown on the Certificate of Amalgamation;

"**Effective Time**" has the meaning ascribed to it in Section 10;

"**Government Authority**" means any foreign, national, provincial, local or state government, any political subdivision or any governmental, judicial, public or statutory instrumentality, court, tribunal, commission, board, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty;

"**Master Agreement**" has the meaning ascribed thereto in the recitals to this Agreement;

"**Paid-up Capital**" means paid-up capital within the meaning of subsection 89(1) of the *Income Tax Act* (Canada);

"**Parties**" means Carpincho, Subco and Finco;

"**Person**" includes any individual, sole proprietorship, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, union, Government Authority, syndicate or other entity, whether or not having legal status;

"**Subco Shares**" means the issued and outstanding common shares in the capital of Subco; and

"**Transfer Agent**" means Odyssey Trust Company, in its capacity as registrar and transfer agent for the Carpincho Shares.

1. Paramountcy

In the event of any conflict between the provisions of this Agreement and the provisions of the Master Agreement, the provisions of the Master Agreement shall prevail.

2. Agreement to Amalgamate

Each of the Parties hereby agrees to the Amalgamation. The Amalgamating Corporations shall amalgamate to create Amalco on the terms and conditions set out in this Agreement.

3. Amalgamation Events

The Parties shall cause the Articles of Amalgamation to be filed pursuant to section 185 of the CBCA to effect the Amalgamation. Under the Amalgamation:

(a) Finco and Subco will amalgamate and continue as Amalco;

(b) the Finco Shareholders shall receive one (1) Carpincho Share for each one (1) Finco Share held, resulting in the issuance of up to 37,500,100 Carpincho Shares in the aggregate to be distributed proportionately amongst the Finco Shareholders, and all Finco Shares shall be cancelled;

(c) all other convertible securities issued by Finco shall be exchanged for convertible securities in the capital of Carpincho on a one (1) for one (1) basis, with all terms thereof adjustd accordingly;

(d) each issued and outstanding Subco Share shall be converted into one fully paid and non-assessable Amalco Share;

(e) as consideration for the issuance of the Carpincho Shares to effect the Amalgamation, Carpincho will receive one Amalco Share for each one Finco Share outstanding immediately prior to the Effective Time;

(f) all of the property and assets of each of the Amalgamating Corporations will be the property and assets of Amalco and Amalco will be liable for all of the liabilities and obligations of each of the Amalgamating Corporations; and

(g) Amalco will be a wholly-owned subsidiary of Carpincho.

4. Delivery of Securities Following Amalgamation

In accordance with normal commercial practice, as soon as practicable following the Effective Date, Carpincho, directly or through the Transfer Agent, shall issue certificates (or direct registration statement advices) representing the appropriate number of Carpincho Shares to the former holders of Finco Shares.

5. Negative Covenants

From the date hereof to and including the Effective Date, each of Finco and Subco covenants that it will not:

(a) reserve, allot, create, issue or distribute any of its securities;

(b) declare or pay dividends on any of its shares or make any other issue, payment or distribution to the holders of its securities including, without limitation, the issue, payment or distribution of any of its assets or property to such holders;

(c) other than as contemplated in this Agreement, authorize or take any action to amalgamate, merge, reorganize, effect an arrangement, liquidate, dissolve, wind-up or transfer all or substantially all of its undertaking or assets to another corporation or entity;

(d) reclassify any outstanding securities or change such securities into other shares or securities or subdivide, redivide, reduce, combine or consolidate such securities into a greater or lesser number of securities, effect any other capital reorganization or amend the designation of or the rights, privileges, restrictions or conditions attaching to such securities;

(e) other than as contemplated in this Agreement, amend its Articles; or

(f) other than as contemplated in this Agreement, enter into any transaction, or take any other action, out of the ordinary course of its business.

6. Conditions Precedent to the Amalgamation

The Amalgamation is subject to all conditions precedent to the completion of the Amalgamation having obtained or waived in accordance with the Master Agreement on or before the Effective Date.

A certificate signed by a senior officer of each of Carpincho, Finco and Subco confirming the satisfaction or waiver of such conditions shall be conclusive evidence that such conditions have been satisfied and that Carpincho, Finco and Subco may amalgamate in accordance with Section 3 hereof.

7. Fractional Shares

No fractional New Carpincho Shares will be issued or delivered to any Finco Shareholders otherwise entitled thereto as a result of the Amalgamation, if any. Instead, the number of Carpincho Shares issued to each exchanging holder of Finco Shares will be rounded down to the nearest whole number. Notwithstanding the foregoing, each Finco Shareholder shall receive a minimum of one (1) Carpincho Share.

8. Filing of Articles of Amalgamation

If this Agreement is adopted by each of the Amalgamating Corporations as required by the CBCA, the Amalgamating Corporations agree that they will, jointly and together, file with the Director, agreed upon Articles of Amalgamation in the form prescribed under the CBCA.

9. Effective Time

The Amalgamation shall take effect and go into operation at 12:01 a.m. on the effective date of the Articles of Amalgamation (the "**Effective Time**"), if this Agreement has been adopted as required by law and all necessary filings have been made with the Director before that time, or at such later time, or time and date, as may be determined by the directors or by special resolutions of the Amalgamating Corporations when this Agreement shall have been adopted as required by law; provided, however, that if the directors of both of the Amalgamating Corporations determine not to proceed with the Amalgamation, then the Amalgamating Corporations may by agreement in writing terminate this Agreement at any time prior to the Amalgamating Corporations being amalgamated, and in such event, the Amalgamation shall not take place notwithstanding the fact that this Agreement may have been adopted by the shareholders of the Amalgamating Corporations.

10. Registered Office

The registered office of Amalco shall be in the Province of Ontario.

11. Activities

There will be no limitations on the activities of Amalco. The directors of Amalco shall be authorized to borrow money on the credit of Amalco. The articles of Subco shall be the articles of Amalco.

12. Authorized Capital

The authorized capital of Amalco shall consist of an unlimited number of common shares without nominal or par value.

13. Capital

The amount to be added to the stated capital in respect of the Amalco Shares issuable by Amalco pursuant to Sections 4(c) and 4(d) of this Agreement shall be the aggregate of: (i) the Paid-up Capital, determined before the Effective Time, of the Subco Shares converted into Amalco Shares pursuant to section 4(c); and (ii) the Paid-up Capital, determined before the Effective Time, of all of the issued and outstanding Finco Shares immediately before the Effective Time (other than any Finco Shares held by Subco, if any).

14. Number of Directors

The board of directors of Amalco shall consist of not less than one and not more than 10 directors, the exact number of which shall be determined by the directors from time to time.

15. Initial Director

The first director of Amalco shall be the person whose names and residential addresses appear below:

Name	Prescribed Address
Dennis Logan	●

The above director will hold office from the Effective Date until the first annual meeting of shareholders of Amalco or until his successor is elected or appointed.

16. Termination

This Agreement may be terminated by agreement in writing of the Parties and shall automatically concurrently terminate upon the termination of the Master Agreement, notwithstanding the approval of this Agreement by the shareholders of the Amalgamating Corporations, at any time prior to the issuance of the Certificate of Amalgamation without, except as provided in the Master Agreement, any recourse by any Party hereto or any of their shareholders or other Persons.

17. Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each Party hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario in respect of all matters arising under or in relation to this Agreement.

18. Further Assurances

Each of the Parties agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.

19. Time of the Essence

Time shall be of the essence of this Agreement.

20. Amendments

This Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

21. Counterparts

This Agreement may be signed in counterparts (including counterparts by facsimile or other electronic transmission), and all such signed counterparts, when taken together, shall constitute one and the same agreement, effective on this date.

[The remainder of this page has been left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Agreement.

10653918 CANADA INC. By:

Name: _____
Title: _____

10713791 CANADA INC. By:

Name: _____
Title: _____

CARPINCHO CAPITAL CORP. By:

Name: _____
Title: _____

Exhibit 2.5

Certain identified information has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential.

LICENSE PURCHASE AGREEMENT

by and among

[Buyer],

PLANET 13 HOLDINGS INC.,

[Seller],

and

HARVEST HEALTH & RECREATION INC.

dated as of

August 31, 2021

LICENSE PURCHASE AGREEMENT

This License Purchase Agreement (this "Agreement"), dated as of August 31, 2021 (the "Effective Date"), is entered into by and among [Buyer], a Florida corporation (which shall be renamed "Planet 13 Florida Inc." promptly following the Effective Date) ("Buyer"), Planet 13 Holdings Inc., a British Columbia corporation ("Buyer Parent"), [Seller], a Florida corporation ("Seller") and Harvest Health & Recreation Inc., a British Columbia corporation ("Seller Parent").

WHEREAS, Seller owns a Medical Marijuana Treatment Center license number MMTC-2016-0006 (the "License") issued by the Florida Department of Health to Seller; and

WHEREAS, Seller wishes to sell and assign to Buyer, and Buyer wishes to purchase from Seller, the License, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

The following terms have the meanings specified or referred to in this Article I:

"Action" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"Affiliate" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Ancillary Documents" means the Bill of Sale, the Escrow Agreement and the other agreements, instruments and documents required to be delivered in connection with this Agreement or at the Closing.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are open for general business in New York City.

"Cannabis Laws" means any U.S. federal laws, civil, criminal or otherwise, to the extent that such law is directly or indirectly related to the cultivation, harvesting, production, manufacturing, processing, marketing, distribution, sale or possession of cannabis, marijuana or related substances or products containing cannabis, marijuana or related substances, including the prohibition on drug trafficking under the Controlled Substances Act (21 U.S.C. § 801, et seq.), the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another's felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957 and 1960, and any state controlled substances acts.

"CSE" means the Canadian Securities Exchange.

"Disclosure Schedules" means the Disclosure Schedules, if any, delivered by Seller and Buyer concurrently with the execution and delivery of this Agreement.

"Encumbrance" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"Escrow Agent" means GLAS Americas LLC, New York limited liability company.

"Fraud" means actual common law fraud in the making of a representation, warranty, or other statement committed by a Person making such representation, warranty, or statement with the intent to deceive another Person, and to induce any Person to enter into this Agreement or any Ancillary Document and requires (a) a false representation, warranty, or statement of material fact; (b) actual knowledge or belief that such representation, warranty, or statement is false; (c) an intention to induce such other Person to whom such representation, warranty, or statement was made to act or refrain from acting in reliance upon it; (d) causing that Person, in justifiable reliance upon such false representation, warranty, or statement to take or refrain from taking action; and (e) causing such Person or any party hereto to suffer damage by reason of such reliance.

"GAAP" means United States generally accepted accounting principles and practices, consistently applied.

"Governmental Authority" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction, including, without limitation, the OMMU and any local licensing authority.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"Law" means any foreign or United States statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law or other requirement or rule of law of any Governmental Authority; provided, however, that the parties acknowledge and agree that Cannabis Laws shall not be deemed to be Law.

"Liabilities" means liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

"Losses" means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; provided, however, that "Losses" shall not include punitive damages, except to the extent actually awarded to a Governmental Authority or other third party.

"Material Adverse Effect" means any event, occurrence, fact, condition or change that is materially adverse to: (a) the License; or (b) the ability of Seller to consummate the transactions contemplated hereby; provided, however, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which Seller operates; (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Buyer; (vi) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; or (vii) any natural or manmade disaster or acts of God, including the COVID-19 virus or any other epidemic or pandemic; provided, further, that any event, occurrence, fact, condition or change referred to in clauses (i), (ii), or (iii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on Seller, taken as a whole, compared to other participants in the industries in which Seller conducts its business.

"OMMU" means the Florida Department of Health's Office of Medical Marijuana Use.

"OMMU Approval" means the approval by the OMMU necessary to consummate the transactions contemplated by this Agreement.

"Person" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"Remaining Deposit Notice" means a written notice from Seller to Buyer setting forth the closing date of the transactions contemplated by that certain Arrangement Agreement, dated May 10, 2021 (the "Arrangement Agreement"), between Seller Parent and Trulieve Cannabis Corp., a British Columbia corporation (the "Harvest/Trulieve Transaction").

"Representative" means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"Security Interest" means that security interest in the License granted by Seller pursuant to the Security Agreement, dated as of December 20, 2019, by and among Seller, the other "Grantors" party thereto, and Odyssey Trust Company, as collateral trustee (the "Collateral Trustee"), to secure obligations of Seller Parent under the Trust Indenture, dated as of December 20, 2019, by and between Harvest and the Collateral Trustee

"Seller's Knowledge" or any other similar knowledge qualification, means the actual knowledge of Steve White or Nicole Stanton following due inquiry.

"Taxes" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, withholding, payroll, employment, unemployment, excise, severance, stamp, occupation, premium, property (real or personal), customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto.

"Tax Return" means any and all returns, declarations, reports, information returns and statements and other documents relating to Taxes (including amended returns and claims for refund).

ARTICLE II
PURCHASE AND SALE OF LICENSE

Section 2.01 Purchase and Sale of License. Subject to the terms and conditions set forth herein, at the Closing, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller, free and clear of any Encumbrances, all of Seller's right, title and interest in, to and under the License. Other than the License, Buyer expressly understands and agrees that it is not purchasing or acquiring, and Seller is not selling or assigning, any other assets or properties of Seller, and all such other assets and properties shall be excluded from the transaction contemplated by this Agreement (collectively, the "Excluded Assets").

Section 2.02 Buyer Liabilities; Excluded Liabilities.

(a) Buyer agrees to pay, perform and discharge when due any and all Liabilities arising out of or relating to Buyer's ownership of the License or the operation of the business to be conducted by Buyer and its Affiliates under the License on or after the Closing Date.

(b) Buyer shall not assume and shall not be responsible to pay, perform or discharge any Liabilities of Seller and its Affiliates of any kind or nature, including any and all Liabilities arising out of or relating to Seller's ownership of the License or the operation of the business conducted by Seller and its Affiliates under the License prior to the Closing Date (collectively, the "Excluded Liabilities"). Seller shall, and shall cause each of its Affiliates to, pay and satisfy in due course all Excluded Liabilities which they are obligated to pay and satisfy.

Section 2.03 Purchase Price. The aggregate purchase price for the License shall be US$55,000,000 (the "Purchase Price"), payable as follows:

(a) Upon the execution of the Escrow Agreement, Buyer shall deposit US$2,000,000 (the "Initial Deposit") with the Escrow Agent which shall be held by the Escrow Agent in an escrow account (the "Escrow Account") pursuant to the terms and conditions of this Agreement and the escrow agreement entered into as of even date herewith by and among Buyer, Seller and the Escrow Agent (the "Escrow Agreement"). Each party shall deliver to the Escrow Agent its respective documents required for the Escrow Agent to complete its "Know Your Customer" compliance identity verification no later than three Business Days following the Effective Date. Buyer and Seller acknowledge and agree that the Escrow Agreement is in final form (as between Buyer and Seller) as of the Effective Date, and Buyer and Seller shall execute the Escrow Agreement as promptly as possible following the Effective Date.

(b) Within two Business Days of Buyer's and the Escrow Agent's receipt of the Remaining Deposit Notice from Seller, Buyer shall deposit US$53,000,000 (the "Remaining Deposit") with the Escrow Agent which shall be held by the Escrow Agent pursuant to the terms and conditions of this Agreement and the Escrow Agreement; provided, that [Remaining Deposit Notice timing requirement]; provided, further that, if the Closing under this Agreement does not occur within [Remaining Deposit timing requirement] following the funding of the Remaining Deposit, if Buyer, in its sole discretion, so chooses, Buyer and Seller shall deliver joint written instructions to the Escrow Agent to request the return to Buyer of the Remaining Deposit. Upon the return of the Remaining Deposit to Buyer, Seller shall be obligated to send another Remaining Deposit Notice to Buyer and the Escrow Agent in order for Buyer to re-deposit the Remaining Deposit with the Escrow Agent.

(c) At the Closing, the Escrow Agent shall release the entire Purchase Price (*i.e.*, the Initial Deposit plus the Remaining Deposit) to Seller in accordance with the terms and conditions of this Agreement and the Escrow Agreement.

ARTICLE III
CLOSING

Section 3.01 Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement (the "Closing") shall take place remotely by exchange of documents and signatures (or their electronic counterparts), within five Business Days after all of the conditions to Closing set forth in Article VII are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), or at such other time, date or place as Seller and Buyer may mutually agree upon in writing; provided, that notwithstanding anything to the contrary herein, Buyer and Seller hereby agree that the Closing shall take place simultaneously upon the consummation of the Harvest/Trulieve Transaction. The date on which the Closing is to occur is herein referred to as the "Closing Date."

Section 3.02 Closing Deliverables.

(a) At the Closing, Seller and Buyer shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to release the Escrow Funds to Seller in accordance with this Agreement and the Escrow Agreement. In addition, Seller shall deliver to Buyer the following:

(i) a bill of sale substantially in the form attached hereto as Exhibit A (the "Bill of Sale"), duly executed by Seller;

(ii) a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that Seller is not a foreign person within the meaning of Section 1445 of the Code, duly executed by Seller;

(iii) a certificate, dated as of the Closing Date and signed by a duly authorized officer of Seller, certifying that each of the conditions set forth in Section 7.02(a) and Section 7.02(b) have been satisfied;

(iv) a certificate from a duly authorized officer of Seller certifying that attached thereto are true and complete copies of the resolutions adopted by the board of directors of Seller authorizing the execution, delivery and performance of this Agreement, the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby; and

(v) such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(b) At the Closing, Buyer shall deliver to Seller the following:

(i) evidence that Buyer has obtained a performance bond (or its equivalent) that satisfies the requirements of section 381.986(8)(b)7, Florida Statutes;

(ii) a certificate, dated as of the Closing Date and signed by a duly authorized officer of Buyer, certifying that each of the conditions set forth in Section 7.03(a) and Section 7.03(b) have been satisfied;

(iii) a certificate from a duly authorized officer of Buyer certifying that attached thereto are true and complete copies of the resolutions adopted by the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement, the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby; and

(iv) such other documents or instruments as Seller reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that:

Section 4.01 Organization and Authority of Seller. Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of Florida. Seller Parent is a corporation duly incorporated, validly existing and in good standing under the Laws of the Province of British Columbia. Each of Seller and Seller Parent has all necessary corporate power and authority to enter into this Agreement and the Ancillary Documents to which Seller or Seller Parent, as applicable, is a party, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each of Seller and Seller Parent of this Agreement and any Ancillary Document to which Seller or Seller Parent, as applicable, is a party, the performance by each of Seller and Seller Parent of its obligations hereunder and thereunder, and the consummation by each of Seller and Seller Parent of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Seller and Seller Parent, as applicable. This Agreement and the Ancillary Documents constitute legal, valid and binding obligations of Seller and Seller Parent enforceable against Seller and Seller Parent in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 4.02 No Conflicts or Consents. The execution, delivery and performance by each of Seller and Seller Parent of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) violate or breach any provision of the articles of incorporation, bylaws or other constating documents of Seller or Seller Parent; (b) violate or breach any provision of any Law or Governmental Order applicable to Seller, Seller Parent or the License; or (c) except for the OMMU Approval, require any consent, permit, Governmental Order, filing or notice from, with or to any Governmental Authority or any other Person by or with respect to Seller or Seller Parent in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.03 Title to License. Except for the Security Interest, Seller has good and valid title to the License, free and clear of all Encumbrances.

Section 4.04 Legal Proceedings; Governmental Orders.

(a) There are no Actions pending or, to Seller's Knowledge, threatened against or by Seller or Seller Parent: (a) relating to or affecting the License, which if determined adversely to Seller or Seller Parent, as applicable, would result in a Material Adverse Effect; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement or any Ancillary Document.

(b) There are no outstanding Governmental Orders against, relating to or affecting the License which would have a Material Adverse Effect.

Section 4.05 Compliance with Laws; License. Seller is in compliance in all material respects with all Laws applicable to the ownership and use of the License. Neither Seller nor Parent has received any written communication from any Governmental Authority or other Person that remains unresolved as of the Effective Date that alleges that Seller is not in material compliance with any such Laws. The License is in good standing, is valid and is in full force and effect. All fees and charges with respect to the License as of Effective Date have been paid in full. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of the License. The License was obtained in compliance with Law. The License has a current expiration date of October 26, 2022 (the "License Expiration Date"), and Seller is not aware of any reason the License will not be renewed or capable of being renewed on or before the License Expiration Date.

Section 4.06 Brokers. Except for Canaccord Genuity Corp., no broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of Seller.

Section 4.07 No Other Representations and Warranties. Except for the representations and warranties contained in this Article IV (including the related portions of the Disclosure Schedules, if any), neither Seller nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller, including any representation or warranty arising from statute or otherwise in Law.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that:

Section 5.01 Organization and Authority of Buyer. Buyer is a Florida corporation duly organized, validly existing and in good standing under the Laws of the State of Florida. Buyer Parent is a corporation duly incorporate, validly existing and in good standing under the Laws of the Province of British Columbia. Buyer has been registered to do business in the State of Florida for at least five consecutive years prior to the Effective Date, as required by section 381.986(8)(b)1., Florida Statutes. Each of Buyer and Buyer Parent has all necessary corporate power and authority to enter into this Agreement and the Ancillary Documents to which Buyer or Buyer Parent, as applicable, is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each of Buyer and Buyer Parent of this Agreement and any Ancillary Document to which Buyer or Buyer Parent, as applicable, is a party, the performance by each of Buyer and Buyer Parent of its obligations hereunder and thereunder and the consummation by each of Buyer and Buyer Parent of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer and Buyer Parent, as applicable. This Agreement and the Ancillary Documents constitute legal, valid and binding obligations of Buyer and Buyer Parent enforceable against Buyer and Buyer Parent in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 5.02 No Conflicts; Consents. The execution, delivery and performance by each of Buyer and Buyer Parent of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) violate or breach any provision of the articles of incorporation, bylaws or other constating documents of Buyer or Buyer Parent; (b) violate or breach any provision of any Law or Governmental Order applicable to Buyer or Buyer Parent; (c) require the consent, notice or other action by any Person under, conflict with, violate or breach, constitute a default under or result in the acceleration of any agreement to which Buyer or Buyer Parent is a party; or (d) except for the OMMU Approval, require any consent, permit, Governmental Order, filing or notice from, with or to any Governmental Authority or any other Person by or with respect to Buyer or Buyer Parent in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 5.03 Capitalization. One hundred percent (100%) of the issued and outstanding stock of Buyer is owned by Buyer Parent. No individual or entity who directly or indirectly owns, controls, or holds with power to vote five percent or more of the voting interests of Buyer has any direct or indirect ownership or control of any voting interests or other form of ownership of any Florida licensed medical marijuana treatment center. No individual or entity who has any direct or indirect ownership or control of any voting interests or other form of ownership of Buyer directly or indirectly owns, controls, or holds with power to vote five percent or more of the voting interests of any Florida licensed medical marijuana treatment center**.**

Section 5.04 Solvency; Sufficiency of Funds. Immediately after giving effect to the transactions contemplated hereby, Buyer shall be solvent and shall: (a) be able to pay its debts as they become due; (b) own property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all Liabilities); and (c) have adequate capital to build out and construct cultivation and dispensary facilities for the operation of its cannabis business under the License and the financial ability to maintain such operations for at least two years. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated hereby with the intent to hinder, delay or defraud either present or future creditors of Buyer or Seller. In connection with the transactions contemplated hereby, Buyer has not incurred, nor plans to incur, debts beyond its ability to pay as they become absolute and matured. Buyer has sufficient cash on hand or other sources of immediately available funds to enable it to make payment of the Purchase Price and consummate the transactions contemplated by this Agreement.

Section 5.05 Legal Proceedings. There are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer or Buyer Parent that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.

Section 5.06 Brokers. Except for Beacon Securities Limited, no broker, finder, or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of Buyer.

Section 5.07 Independent Investigation. Buyer has conducted its own independent investigation, review and analysis of the License. Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer has relied solely upon its own investigation and the express representations and warranties of Seller set forth in Article IV of this Agreement (including related portions of the Disclosure Schedules, if any); and (b) neither Seller nor any other Person has made any representation or warranty as to Seller, the License or this Agreement, except as expressly set forth in Article IV of this Agreement (including the related portions of the Disclosure Schedules, if any).

ARTICLE VI
COVENANTS

Section 6.01 Confidentiality. The parties hereto acknowledge and agree that the Confidentiality Agreement, dated as of August 26, 2021 between Buyer Parent and Harvest Enterprises, Inc. (the "Confidentiality Agreement") remains in full force and effect and, in addition, each party covenants and agrees to keep confidential, in accordance with the provisions of the Confidentiality Agreement, information provided by any party to the other pursuant to this Agreement.

Section 6.02 Public Announcements. Unless otherwise required by applicable Law or stock exchange applicable to a party or its Affiliates, no party to this Agreement shall make any public announcements in respect of this Agreement or the transactions contemplated hereby without the prior written consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed), and the parties shall cooperate as to the timing and contents of any such announcement; provided, however, that any party and its Affiliates may, without the prior written consent of other party(ies), make any public statement or disclosure to the extent the substance of such public statement or disclosure is consistent with any previous press release, statement or disclosure made in accordance with, or permitted by, this Section 6.02.

Section 6.03 Transfer Taxes. All transfer, sales, use, registration, documentary, stamp, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Ancillary Documents, if any, shall be borne and paid by Buyer when due. Buyer shall, at its own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and Seller shall cooperate with respect thereto as necessary).

Section 6.04 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the Ancillary Documents.

Section 6.05 Exclusivity. Seller shall not, and shall not authorize or permit any of its Affiliates or any of its or their Representatives to, directly or indirectly (i) solicit, initiate or continue any discussions or negotiations with any Person concerning the actual or potential sale of the License, (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning the actual or potential sale of the License or (iii) enter into any agreements or other instruments (whether or not binding) regarding any actual or potential sale of the License. Seller shall immediately cease and cause to be terminated, and shall cause its Affiliates and all of their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could reasonably lead to, any actual or potential sale of the License. In addition to the other obligations under this Section 6.05, Seller shall promptly (and in any event within one Business Day after receipt thereof by Seller, its Affiliates or its or their respective Representatives) advise Buyer orally and in writing of any bona fide proposal relating to the actual or potential sale of the License.

Section 6.06 Governmental Approvals and Consents.

(a) Each party hereto shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions required under any Law or stock exchange requirement applicable to such party or any of its Affiliates; and (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the Ancillary Documents, including without limitation, the OMMU Approval. Each party shall cooperate fully with the other party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) In furtherance of the foregoing:

(i) promptly following the Effective Date, but in no event more than one Business Day following the Effective Date, Seller will submit to the OMMU a request for approval of the transfer of the License from Seller to Buyer, which approval shall contain evidence of satisfaction of all regulatory requirements and Buyer's plan of operation for the business to be conducted under the License, as described in greater detail on Schedule 1 attached hereto, and Buyer will use commercially reasonable efforts to cooperate and provide all information requested by Seller and/or required by the OMMU in connection with such request for approval; provided, however, the parties agree the request for approval contemplated by this Section 6.06(b)(i) shall not include the items set forth in Section 6.06(b)(ii); and

(ii) [Florida regulatory requirements Buyer covenants].

(c) Without limiting the generality of the parties' undertakings pursuant to subsections (a) and (b) above, each of the parties hereto shall use commercially reasonable efforts to:

(i) respond within three Business Days following receipt to any inquiries by any Governmental Authority regarding any matter with respect to the transactions contemplated by this Agreement or any Ancillary Document;

(ii) avoid the imposition of any order or the taking of any action that would restrain, alter or enjoin the transactions contemplated by this Agreement or any Ancillary Document; and

(iii) in the event any Governmental Order adversely affecting the ability of the parties to consummate the transactions contemplated by this Agreement or any Ancillary Document has been issued, to have such Governmental Order vacated or lifted.

(d) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between Seller or Buyer with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party shall give notice to the other party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

Section 6.07 Seller Parent Guaranty. Seller Parent hereby guarantees to Buyer the full, prompt and unconditional payment when due of all obligations of Seller to Buyer under this Agreement, including, without limitation, all indemnification obligations set forth in Article VIII. This guaranty is an absolute, unconditional, irrevocable and continuing guaranty of the full and punctual payment and performance of Seller's obligations under this Agreement and not of their collectability only and is in no way conditioned upon any requirement that Buyer first attempt to collect any of the obligations under this Agreement from Seller or resort to any security or other means of obtaining their payment. Should Seller default in the payment or performance of any of the obligations under this Agreement, the obligations of Seller Parent as guarantor hereunder shall become immediately due and payable to Buyer, without demand or notice of any nature, all of which are expressly waived by Seller Parent.

Section 6.08 Buyer Parent Guaranty. Buyer Parent hereby guarantees to Seller the full, prompt and unconditional payment when due of all obligations of Buyer to Seller under this Agreement, including, without limitation, all indemnification obligations set forth in Article VIII. This guaranty is an absolute, unconditional, irrevocable and continuing guaranty of the full and punctual payment and performance of Buyer's obligations under this Agreement and not of their collectability only and is in no way conditioned upon any requirement that Seller first attempt to collect any of the obligations under this Agreement from Buyer or resort to any security or other means of obtaining their payment. Should Buyer default in the payment or performance of any of the obligations under this Agreement, the obligations of Buyer Parent as guarantor hereunder shall become immediately due and payable to Seller, without demand or notice of any nature, all of which are expressly waived by Buyer Parent.

Section 6.09 Negative Covenants. From the Effective Date until the earlier to occur of the Closing Date or the termination of this Agreement in accordance with its terms, and except as otherwise expressly permitted elsewhere in this Agreement, Seller shall not, and shall cause Seller Parent and its Affiliates not to: (i) pledge, encumber, sell, or otherwise allow any Encumbrance to be placed on, the License or any right, title, or interest in or to the License, or (ii) take or permit any action that would cause the License to not be in good standing or not be transferable or would, to Seller's Knowledge, cause any of the representations and warranties set forth in Article IV to become untrue.

Section 6.10 Operation of the Business Between Signing and Closing. From the Effective Date until the earlier to occur of the Closing Date or the termination of this Agreement in accordance with its terms, Seller shall (i) conduct its business in the ordinary course of business consistent with past practice, (ii) comply in all material respects with applicable Law, including all Laws with respect to the License.

ARTICLE VII
CONDITIONS TO CLOSING

Section 7.01 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) No Governmental Authority or stock exchange applicable to a party or its Affiliates shall have enacted, issued, promulgated, enforced or entered any Governmental Order or decision which is in effect and has the effect of making the transactions contemplated by this Agreement illegal (excluding federal illegality with regards to marijuana being classified as a federally controlled substance), otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) The parties shall have received the OMMU Approval.

(c) No Action shall have been commenced or threatened against any party that seeks to enjoin or would prevent the Closing or would have a material impact on the License. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

Section 7.02 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Seller contained in this Agreement shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects), except where the failure of such representations and warranties to be true and correct would not have a Material Adverse Effect.

(b) Seller shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date.

(c) The CSE shall not have objected to the Closing of the transactions contemplated herein.

(d) Seller shall have delivered to Buyer duly executed counterparts to the Ancillary Documents and such other documents and deliveries set forth in Section 3.02(a).

(e) All Encumbrances relating to the License shall have been released in full, and Seller shall have delivered to Buyer written evidence, in form satisfactory to Buyer in its sole discretion, of the release of such Encumbrances.

(f) From the Effective Date, there shall not have occurred a Material Adverse Effect.

(g) Seller shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 7.03 Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Seller's waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Buyer contained in this Agreement shall be true and correct in all respects on and as of the date hereof and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects), except where the failure of such representations and warranties to be true and correct would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby.

(b) Buyer shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date.

(c) Buyer shall have delivered to Seller duly executed counterparts to the Ancillary Documents and such other documents and deliveries set forth in Section 3.02(b).

(d) Buyer shall have delivered the Purchase Price to the Escrow Agent pursuant to Section 2.03.

(e) Seller shall have simultaneously herewith closed the Harvest/Trulieve Transaction.

ARTICLE VIII

INDEMNIFICATION

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is one year from the Closing Date; provided, however, that the representations and warranties in: (i) Section 4.01, Section 4.02, Section 4.03, Section 4.06 (collectively, the "Seller Fundamental Representations"), Section 5.01 and Section 5.06 shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus 60 days. None of the covenants or other agreements contained in this Agreement shall survive the Closing Date other than those which by their terms contemplate performance after the Closing Date, and each such surviving covenant and agreement shall survive the Closing for the period contemplated by its terms. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 8.02 Indemnification by Seller. Subject to the other terms and conditions of this Article VIII, Seller shall indemnify and defend each of Buyer and its Affiliates and their respective Representatives (collectively, the "Buyer Indemnitees") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement, the Ancillary Documents or in any certificate or instrument delivered by or on behalf of Seller pursuant to this Agreement;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement, the Ancillary Documents or any certificate or instrument delivered by or on behalf of Seller pursuant to this Agreement;

(c) any Excluded Asset or any Excluded Liability; or

(d) any Third-Party Claim related to the foregoing that alleges facts that, if true, would entitle the Buyer Indemnitees to recovery under this Article VIII.

Section 8.03 Indemnification by Buyer. Subject to the other terms and conditions of this Article VIII, Buyer shall indemnify and defend each of Seller and its Affiliates and their respective Representatives (collectively, the "Seller Indemnitees") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer or any of its Affiliates contained in this Agreement, the Ancillary Documents or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer or any of its Affiliates pursuant to this Agreement, the Ancillary Documents or any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement; or

(c) any Liability arising out of or relating to Buyer's ownership of the License or the operation of the business to be conducted by Buyer and its Affiliates under the License on or after the Closing.

Section 8.04 Limits on Indemnification. Notwithstanding anything in this Article VIII to the contrary, in respect of the indemnification obligations provided for in Section 8.02:

(a) [Basket and cap limits on Seller indemnification obligations].

(b) Notwithstanding the foregoing, the limitations set forth in Section 8.04(a) shall not apply to Losses based upon, arising out of, with respect to or by reason of (i) any inaccuracy in or breach of any Seller Fundamental Representation or (ii) any Fraud or willful misconduct.

(c) Any payments by Seller pursuant to Section 8.02 in respect of any Loss shall be limited to the amount of any liability or damage that remains after deducting therefrom any insurance proceeds and any indemnity, contribution or other similar payment actually received (taking into account any increase in insurance premiums relating to recovery under any such applicable insurance policy) by Buyer in respect of any such claim. Buyer shall use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Losses prior to seeking indemnification under this Agreement.

(d) Buyer shall take, and cause its Affiliates to take, all reasonable steps to mitigate any Loss upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Loss.

Section 8.05 Indemnification Procedures. The party making a claim under this Article VIII is referred to as the "Indemnified Party", and the party against whom such claims are asserted under this Article VIII is referred to as the "Indemnifying Party."

(a) Third-Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "Third-Party Claim") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party prompt written notice thereof, but in any event no later than five Business Days after the Indemnified Party becomes aware of such Third-Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or material defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third-Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party within three Business Days following receipt of notice of such Third-Party Claim, to assume the defense of any Third-Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense. In the event that the Indemnifying Party assumes the defense of any Third-Party Claim, subject to Section 8.05(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third-Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third-Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third-Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 8.05(b), pay, compromise, defend such Third-Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third-Party Claim. Seller and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third-Party Claim, including making available (subject to the provisions of Section 6.01) records relating to such Third-Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third-Party Claim.

(b) Settlement of Third-Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third-Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), except as provided in this Section 8.05(b). If a firm offer is made to settle a Third-Party Claim and such offer (i) does not lead to liability or the creation of a financial or other obligation on the part of the Indemnified Party, (ii) in the reasonable opinion of the Indemnified Party, would not be material adverse to its business or the License and (iii) provides, in customary form, for the unconditional release of each Indemnified Party from all Liabilities in connection with such Third-Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) Business Days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third-Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third-Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third-Party Claim, the Indemnifying Party may settle the Third-Party Claim upon the terms set forth in such firm offer to settle such Third-Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 8.05(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Direct Claims. Any indemnification claim by an Indemnified Party on account of a Loss which does not result from a Third-Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof, but in any event not later than five Business Days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have 30 days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Indemnified Party's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30-day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 8.06 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.07 Exclusive Remedies. Subject to Section 10.12, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from Fraud on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, except with respect to Section 10.12, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other party hereto and its Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.07 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled pursuant to Section 10.12 or to seek any remedy on account of Fraud by any party hereto.

ARTICLE IX
TERMINATION

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Seller and Buyer;

(b) by Buyer by written notice to Seller if Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by Seller within 10 days of Seller's receipt of written notice of such breach from Buyer, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(c) by Seller by written notice to Buyer if Seller is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by Buyer within 10 days of Buyer's receipt of written notice of such breach from Seller, unless such failure shall be due to the failure of Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(d) by Buyer or Seller in the event that: (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; or (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable;

(e) by Seller by written notice to Buyer if the OMMU Approval has not been obtained by the date that is 90 days from the Effective Date (the "Outside Date"); provided, however, that Seller may elect to extend the Outside Date for additional 30-day periods until May 1, 2022 by written notice to Buyer no later than three Business Days prior to the Outside Date and the expiration of any applicable 30-day period; provided, further, that the right to terminate this Agreement under this Section 9.01(e) shall not be available to Seller if Seller's failure to fulfill in any material respect any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement is the primary cause of the failure to obtain the OMMU Approval on or before the Outside Date;

(f) by Seller by written notice to Buyer upon any termination of the Arrangement Agreement; or

(g) by Buyer by written notice to Seller if Closing shall not have occurred by May 1, 2022; provided, that the right to terminate this Agreement under this Section 9.01(g) shall not be available to Buyer if Buyer's failure to fulfill in any material respect any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement is the primary cause of the failure to close on or before May 1, 2022.

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article IX, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except:

(a) as set forth in Section 6.01, this Article IX and Article X hereof;

(b) (i) if this Agreement is terminated pursuant to Section 9.01(c) or Section 9.01(e), then Buyer and Seller shall promptly provide joint written instructions to the Escrow Agent instructing the Escrow Agent to release the Initial Deposit to Seller, and Seller shall retain the Initial Deposit in consideration of the opportunity cost of the Company's exclusivity with Buyer pursuant to this Agreement; and (ii) if this Agreement is terminated pursuant to any other subsection of Section 9.01, then Buyer and Seller shall promptly provide joint written instructions to the Escrow Agent instructing the Escrow Agent to release the Initial Deposit to Buyer;

(c) if this Agreement is terminated pursuant to Section 9.01(a), Section 9.01(b), Section 9.01(d), Section 9.01(e), Section 9.01(f) or Section 9.01(g), and Buyer has deposited the Remaining Deposit with the Escrow Agent pursuant to Section 2.03, then Buyer and Seller shall promptly provide joint written instructions to the Escrow Agent instructing the Escrow Agent to release the Remaining Deposit to Buyer;

(d) if this Agreement is terminated pursuant to Section 9.01(c), Buyer will pay to Seller as liquidated damages $2,000,000 (the "Termination Fee") as follows: (i) if Buyer has not yet deposited the Remaining Deposit with the Escrow Agent pursuant to Section 2.03 at the time of such termination, then by wire transfer of immediately available funds within five Business Days after such termination; or (ii) if Buyer has already deposited the Remaining Deposit with the Escrow Agent pursuant to Section 2.03 at the time of such termination, then Buyer and Seller shall promptly provide joint written instructions to the Escrow Agent instructing the Escrow Agent to release the Termination Fee to Seller and the remaining amount of the Remaining Deposit to Buyer; and

(e) that nothing herein shall relieve any party hereto from liability for any intentional breach of any provision hereof.

The parties acknowledge that the agreements contained in Section 9.02(b)(i) and Section 9.02(d) are an integral part of the transactions contemplated by this Agreement, and that without these agreements the parties would not enter into this Agreement, and that the releasing of the Initial Deposit to Seller in accordance with Section 9.02(b)(i) and the Termination Fee represent liquidated damages, which are a genuine pre-estimate of the damages, including opportunity costs, which the Seller will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and are not penalties. Buyer irrevocably waives any rights it may have to raise as a defense that any such liquidated damages are excessive or punitive. Seller agrees that the payment of the Initial Deposit to Seller under Section 9.02(b)(i) and the Termination Fee are the sole remedies of Seller against Buyer in respect of the termination of this Agreement pursuant to Section 9.01(c) or Section 9.01(e), as applicable; provided however, that nothing shall preclude Seller from pursuing additional damages, including for lost opportunities or other consequential losses, in the event of any intentional breach by Buyer of any provision hereof.

ARTICLE X
MISCELLANEOUS

Section 10.01 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

Section 10.02 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.02):

If to Buyer or Buyer Parent: [Buyer contact information]

If to Seller or Seller Parent: [Seller contact information]

Section 10.03 Interpretation. For purposes of this Agreement: (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement, if any; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules, if any, and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 10.04 Disclosure Schedules. To the extent there are Disclosure Schedules attached to this Agreement, this Section 10.04 shall apply. All section headings in the Disclosure Schedules correspond to the sections of this Agreement, but information provided in any section of the Disclosure Schedules shall constitute disclosure for purposes of each section of this Agreement where such information is relevant. Unless the context otherwise requires, all capitalized terms used in the Disclosure Schedules shall have the respective meanings assigned to such terms in this Agreement. Certain information set forth in the Disclosure Schedules is included solely for informational purposes, and may not be required to be disclosed pursuant to this Agreement. No reference to or disclosure of any item or other matter in the Disclosure Schedules shall be construed as an admission or indication that such item or other matter is required to be referred to or disclosed in the Disclosure Schedules. No disclosure in the Disclosure Schedules relating to any possible breach or violation of any agreement or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. The inclusion of any information in the Disclosure Schedules shall not be deemed to be an admission or acknowledgment by Seller that in and of itself, such information is material to or outside the ordinary course of the business or is required to be disclosed on the Disclosure Schedules. No disclosure in the Disclosure Schedules shall be deemed to create any rights in any third party.

Section 10.05 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.06 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 10.07 Entire Agreement. This Agreement and the Ancillary Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the Ancillary Documents, the Exhibits and Disclosure Schedules, if any (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 10.08 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 10.09 No Third-Party Beneficiaries. Except as provided in Article VIII, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.10 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.11 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Florida without giving effect to any choice or conflict of law provision or rule (whether of the State of Florida or any other jurisdiction).

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MUST BE INSTITUTED IN THE LEON COUNTY CIRCUIT COURT LOCATED IN TALLAHASSEE, FLORIDA, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURT AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE ANCILLARY DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.11(c).

Section 10.12 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 10.13 Reformation. This Agreement and the transactions contemplated herein may be subject to review and approval by one or more Governmental Authority, including but not limited to the OMMU and applicable local licensing authorities. If a Governmental Authority determines this Agreement or any Ancillary Document must be reformed, the parties shall negotiate in good faith to so reform such agreement according to the Governmental Authority's requirements while effectuating the original intent of such agreement as near as possible.

Section 10.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective authorized agents.

BUYER:

[Buyer]

/s/ Robert Groesbeck
Name: Robert Groesbeck
Title: Co-CEO

/s/ Larry Scheffler
Name: Larry Scheffler
Title: Co-CEO

BUYER PARENT:

Planet 13 Holdings Inc.

/s/ Robert Groesbeck
Name: Robert Groesbeck
Title: Co-CEO

/s/ Larry Scheffler
Name: Larry Scheffler
Title: Co-CEO

SELLER:

[Seller]

/s/ Steve White
Name: Steve White
Title: Chief Executive Officer

SELLER PARENT:

Harvest Health & Recreation, Inc.

/s/ Steve White
Name: Steve White
Title: Chief Executive Officer

Exhibit A

FORM OF BILL OF SALE

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, [Seller], a Florida corporation ("Seller"), does hereby grant, bargain, transfer, sell, assign, convey and deliver to [Buyer], a Florida corporation ("Buyer"), all of its right, title, and interest in and to the License, as such term is defined in the License Purchase Agreement, dated as of August 31, 2021 (the "Purchase Agreement"), by and between Seller and Buyer, to have and to hold the same unto Buyer, its successors and assigns, forever.

Buyer acknowledges that Seller makes no representation or warranty with respect to the License except as specifically set forth in the Purchase Agreement.

IN WITNESS WHEREOF, Seller has duly executed this Bill of Sale as of [DATE]

SELLER:

[Seller]

Name: Steve White
Title: Chief Executive Officer

Schedule 1

BUYER'S PLAN OF OPERATION

1. A description of Buyer's technical and technological ability to cultivate and produce marijuana, including, but not limited to, low-THC cannabis, and a summary of the methods that will be utilized to cultivate and produce such products in Florida.

2. A description of Buyer's ability to secure the premises, resources, and personnel necessary to operate as a medical marijuana treatment center.

3. A description of Buyer's ability to maintain accountability of all raw materials, finished products, and any byproducts to prevent diversion or unlawful access to or possession of these substances.

4. A description of Buyer's current and intended infrastructure that will be utilized to cultivate, process, and dispense marijuana, including a timeline for buildout of all such infrastructure.

5. A description of Buyer's financial ability to maintain operations for the duration of the 2-year approval cycle.

6. An organization chart listing all Buyer's owners, officers, directors, and managers.

7. A description of the medical director who will be employed to supervise Buyer's medical marijuana treatment center activities, including a curriculum vitae, copy of the medical director's license, and a copy of the continuing education certificate required for medical directors.

EXHIBIT 2.6

PLANET 13 HOLDINGS INC.

as the Purchaser

and

NEXT GREEN WAVE HOLDINGS INC.

as the Company

ARRANGEMENT AGREEMENT
December 20, 2021

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of the 20th day of December, 2021,

B E T W E E N:

PLANET 13 HOLDINGS INC., a corporation existing under the laws of the Province of British Columbia;

(the "**Purchaser**")

- and -

NEXT GREEN WAVE HOLDINGS INC., a corporation existing under the laws of the Province of British Columbia;

(the "**Company**").

WHEREAS the Parties are proposing an arrangement involving, among other things, the acquisition by the Purchaser of all of the outstanding Company Common Shares pursuant to the Arrangement, as provided in this Agreement;

AND WHEREAS the Board, following the recommendation of the Special Committee, has determined that the Arrangement is fair to the Company Shareholders and that the Arrangement is in the best interests of the Company and has resolved, subject to the terms of this Agreement, to recommend that the Company Shareholders vote in favour of the Arrangement Resolution;

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms

As used in this Agreement, the following terms have the following meanings:

"**Action**" means any action, assessment, suit, proceeding (including arbitration proceeding), investigation, complaint, examination, subpoena, claim, charge, grievance, order, audit, governmental charge or inquiry.

"**Acquisition**" has the meaning specified in Section 2.13(1).

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement and other than any transaction involving only the Company and/or one or more of its wholly-owned Subsidiaries, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser (or any affiliate of the Purchaser or any Person acting jointly or in concert with the Purchaser) after the date of this Agreement relating to: (i) any sale or disposition, alliance or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as the foregoing), direct or indirect, in a single transaction or a series of related transactions, of or involving assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company and its Subsidiaries (in each case based on the financial statements of the Company most recently filed prior to such time as part of the Company Filings) or of 20% or more of the voting or equity securities of the Company or any of its Subsidiaries (or rights or interests in such voting or equity securities); (ii) any direct or indirect take-over bid, exchange offer, treasury issuance of securities, sale of securities or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities of the Company or any of its Subsidiaries (including securities convertible or exercisable or exchangeable for voting, equity or other securities of the Company or any of its Subsidiaries); (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company or any of its Subsidiaries; or (iv) any other similar transaction or series of transactions involving the Company or any of its Subsidiaries.

"**affiliate**" has the meaning specified in National Instrument 45-106 - *Prospectus Exemptions*.

"**Agreement**" means this arrangement agreement, including all schedules hereto, as it may be amended or supplemented or otherwise modified from time to time in accordance with the terms hereof.

"**Anti-Money Laundering Laws**" has the meaning specified in Paragraph 5(d) of Schedule C.

"**Arrangement**" means an arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of this Agreement, the Plan of Arrangement and the Interim Order or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Issued Securities**" means all securities to be issued by the Purchaser pursuant to the Arrangement, including the Purchaser Shares representing the Share Consideration, the Replacement Options and, after the Effective Time, the Purchaser Shares underlying the Replacement Options.

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting, substantially in the form set out in Schedule B hereto.

"**associate**" has the meaning specified in the *Securities Act* (British Columbia).

"**Authorizations**" has the meaning specified in Paragraph 13(a) of Schedule C.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Board**" means the board of directors of the Company as constituted from time to time.

"**Board Recommendation**" has the meaning specified in Section 2.4(2).

"**Breaching Party**" has the meaning specified in Section 4.8(3).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Vancouver, British Columbia, Toronto, Ontario or Las Vegas, Nevada.

"**California Licenses**" means the California commercial cannabis licenses issued to the Company as set forth in Section 13 of the Company Disclosure Letter.

"**CARES Act**" has the meaning specified in Paragraph 16(m) of Schedule C.

"**Cash Consideration**" means $0.0001 per Company Common Share, subject to the terms of the Plan of Arrangement.

"**Change in Recommendation**" has the meaning specified in Section 7.2(1)(d)(ii).

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Collective Agreement**" means any collective bargaining agreement, union agreement or similar agreement applicable to the Company and/or any of its Subsidiaries and all related documents, including letters of understanding, letters of intent or other written communications with bargaining agents for any Company Employee which impose obligations upon the Company and/or any of its Subsidiaries.

"**Company**" has the meaning ascribed thereto in the preamble hereto.

"**Company Assets**" means all of the assets, properties, permits, Authorizations, rights and other privileges (whether contractual or otherwise) of the Company and its Subsidiaries including the Company Real Property.

"**Company Authorizations**" has the meaning specified in Paragraph 13(a) of Schedule C.

"**Company Bank Accounts**" has the meaning specified in Paragraph 26 of Schedule C.

"**Company Benefit Plan**" means has the meaning specified in Paragraph 21(c) of Schedule C.

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the Company Shareholders in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"**Company Common Shares**" means the common shares in the capital of the Company.

"**Company Data Room**" means the material contained in the virtual data room established by the Company as at 5:00 p.m. (Toronto time) on December 18, 2021, the index of documents of which is appended to the Company Disclosure Letter.

"**Company Derivative Securities**" means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Company Common Shares, including options and warrants.

"**Company Disclosure Letter**" means the disclosure letter dated the date of this Agreement and all schedules, exhibits and appendices thereto, executed and delivered by the Company to the Purchaser with this Agreement.

"**Company Employees**" means the officers and employees of the Company and its Subsidiaries.

"**Company Fairness Opinions**" means the opinions of the Company Financial Advisor and the Company Independent Financial Advisor, each to the effect that, as of the date hereof, the Consideration to be received by the Company Shareholders is fair, from a financial point of view, to such holders.

"**Company Filings**" means all documents publicly filed under the profile of the Company on the SEDAR since January 1, 2020.

"**Company Financial Advisor**" means INFOR Financial Inc.

"**Company Financial Statements**" has the meaning specified in Paragraph 7(a) of Schedule C.

"**Company Independent Financial Advisor**" means Evans & Evans, Inc..

"**Company Intellectual Property**" has the meaning specified in Paragraph 17 of Schedule C.

"**Company Leases**" has the meaning specified in Paragraph 15(a) of Schedule C.

"**Company Material Adverse Effect**" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Company and its Subsidiaries, on a consolidated basis, except any such change, event, occurrence, effect, state of facts or circumstance resulting from:

(a) any change generally affecting the cannabis industry as a whole;

(b) any change in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism) or in general economic, banking, currency exchange, interests rate, rate of inflation, business, regulatory, political or market conditions or in national or global financial or capital markets conditions;

(c) any hurricane, flood, tornado, earthquake, forest fire or other natural disaster, man-made disaster or comparable event;

(d) any epidemic, pandemic, disease outbreak (including COVID-19), other health crisis or public health event including any worsening or re-occurrence thereof;

(e) any change or proposed change in any Laws or GAAP or in the interpretation or application of any Laws by any Governmental Entity;

(f) any generally applicable changes in IFRS as incorporated in the Handbook of the Canadian Institute of Chartered Accountants

(g) the failure by the Company to meet any internal, third party or public projections, forecasts, guidance or estimates of revenues or earnings (it being understood that the causes underlying any such failure may be taken into account in determining whether a Company Material Adverse Effect has occurred);

(h) the announcement of this Agreement and the transactions contemplated hereby;

(i) any action taken (or omitted to be taken) by the Company or its Subsidiaries that is consented to by the Purchaser expressly in writing;

(j) any action taken (or omitted to be taken) by the Company or its Subsidiaries upon the written request of the Purchaser; or

(k) any change in the market price or trading volume of any securities of the Company (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Company Material Adverse Effect has occurred) or any suspension of trading;

provided, however, that with respect to clauses (a) through to and including (d), such matter does not have a materially disproportionate effect on the Company and its Subsidiaries, on a consolidated basis, relative to other comparable companies and entities operating in the industry in which the Company and its Subsidiaries operate, and unless expressly provided in any particular section of this Agreement, references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Company Material Adverse Effect" has occurred.

"**Company Meeting**" means the special meeting of Company Shareholders, including any adjournment or postponement of such special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

"**Company Optionholders**" means the holders of Company Options.

"**Company Options**" means the outstanding options to purchase Company Common Shares issued pursuant to the Company's stock option plan, as listed in Section 1.1 of the Company Disclosure Letter.

"**Company Real Property**" has the meaning specified in Paragraph 15(a) of Schedule C.

"**Company Related Party Transaction**" has the meaning specified in Paragraph 24 of Schedule C.

"**Company Reporting Jurisdictions**" has the meaning specified in Paragraph 6 of Schedule C.

"**Company Securityholders**" means, collectively, the Company Shareholders and the Company Optionholders.

"**Company Shareholders**" means the registered or beneficial holders of the Company Common Shares, as the context requires.

"**Company Termination Fee**" has the meaning specified in Section 8.2(2).

"**Company Termination Fee Event**" has the meaning specified in Section 8.2(2).

"**Competition Act**" means the *Competition Act* (Canada).

"**Confidentiality Agreement**" means the mutual confidentiality agreement between the Company and the Purchaser dated October 1, 2021.

"**Consideration**" means the consideration to be received by non-dissenting Company Shareholders in respect of each Company Common Share that is issued and outstanding immediately prior to the Effective Time, consisting of the Cash Consideration and the Share Consideration.

"**Constating Documents**" means articles and notice of articles, articles of incorporation, amalgamation, or continuation or similar organizational documents, as applicable, by-laws and all amendments to such articles, similar organizational documents or by-laws.

"**Contract**" means any legally binding agreement, commitment, engagement, contract, franchise, licence, obligation or undertaking (written or oral) to which a Party or any of its respective Subsidiaries is a party or by which it or any of its respective Subsidiaries is bound or affected or to which any of its or any of its respective Subsidiaries' properties or assets is subject.

"**Court**" means the Supreme Court of British Columbia.

"**COVID-19**" means the novel coronavirus, which was declared a pandemic by the World Health Organization on March 12, 2020.

"**CSE**" means the Canadian Securities Exchange.

"**Depositary**" means Odyssey Trust Company, or any other depositary or trust company, bank or financial institution as the Purchaser may appoint to act as depositary with the approval of the Company, acting reasonably, for the purpose of, among other things, exchanging certificates representing Company Common Shares for the Share Consideration in connection with the Arrangement.

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.

"**DTC**" means the Depository Trust Company.

"**Effective Date**" means the date on which the Arrangement becomes effective, as set out in Section 2.8.

"**Effective Time**" means 12:01 a.m. (Vancouver time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"Eligible Holder" means a beneficial owner of Company Common Shares immediately prior to the Effective Time who is resident in Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is resident in Canada for the purposes of the Tax Act (other than a Tax Exempt Person).

"**Employee Plans**" means all health, welfare, supplemental unemployment benefit, change of control, bonus, profit sharing, option, insurance, compensation, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension, savings, vacation, severance or termination pay, retirement or retirement savings plans, or other employee benefit plans, policies, trusts, funds, agreements, or arrangements for the benefit of current or former Company Employees or current or former directors of the Company or any of its Subsidiaries, which are maintained, sponsored, contributed to or funded by or binding upon the Company or any of its Subsidiaries or in respect of which the Company or any of its Subsidiaries has an actual or contingent liability excluding all obligations for severance and termination pursuant to a statute.

"**ERISA**" means the *Employee Retirement Income Security Act of 1974*.

"**Exchange Ratio**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Federal Cannabis Laws**" means any U.S. federal laws, civil, criminal or otherwise, as such relate, either directly or indirectly, to the cultivation, harvesting, production, distribution, sale and possession of cannabis, marijuana or related substances or products containing or relating to the same, including iand any other U.S. federal law, the violation of which is predicated upon a violation of the controlled substances act, 21 U.S.C. § 801 et seq., as it applies to marijuana.

"**Final Order**" means the final order of the Court, after being informed of the intention to rely upon the Section 3(a)(10) Exemption from registration under the U.S. Securities Act in connection with the issuance of the Arrangement Issued Securities to Company Securityholders that are in the United States or U.S. Persons, made pursuant to section 291 of the BCBCA in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"**GAAP**" means generally accepted accounting principles as provided for in the *CPA Canada Handbook - Accounting* for an entity that prepares its financial statements in accordance with IFRS, at the relevant time, applied on a consistent basis.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange.

"**Governmental Order**" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity.

"**HSR Act**" means the *Hart-Scott-Rodino Antitrust Improvements Act of 1976*.

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"**IRS**" means the United States Internal Revenue Service.

"**Indemnified Persons**" has the meaning specified in Section 8.7.

"**Indemnity Agreement Amendment**" has the meaning specified in Section 4.12.

"**Intellectual Property**" means all proprietary rights provided in Law and at equity recognized under the Law of any jurisdiction in the world, whether under common law, by statute or otherwise, to all: (i) trademarks, service marks, trade dresses, logos, designs and slogans whether in word, mark, stylized or design format, registered and unregistered, throughout the world and any associated goodwill; (ii) patents and patent applications (respectively issued or filed throughout the world), as well as any re-examinations, extensions, and reissues thereof and any divisionals, continuations, continuation-in-parts and any other applications or patents that claim priority from such patents and applications; (iii) copyrights, registered and unregistered, and all rights, claims and privileges pertaining thereto, including moral rights and the benefit of any waivers of moral rights, software and documentation therefor; (iv) inventions (whether or not patentable), formulas, processes, invention disclosures, technology, technical data, preclinical and clinical data and results, or information; (v) all industrial designs, trade secrets, domain names, know-how, concepts, information; and (vi) other intellectual and industrial property and other proprietary information, patterns, plans, designs, research data, other proprietary know-how, processes, drawings, technology, inventions, formulae, specifications, performance data, quality control information, blue prints, construction plans, flow sheets, equipment and parts lists, instructions, manuals, records and procedures.

"**Interim Order**" means the interim order of the Court, after being informed of the intention to rely upon the Section 3(a)(10) Exemption from registration under the U.S. Securities Act in connection with the issuance of the Arrangement Issued Securities to Company Securityholders in the United States or that are U.S. Persons, made pursuant to Section 291 of the BCBCA in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**Interim Period**" has the meaning specified in Section 4.1(1).

"**Key Employees**" means the employee(s) specified in Section 6.2(8) of the Company Disclosure Letter.

"**Latest Balance Sheet**" means the unaudited consolidated financial statements of the Company as of and for the three and nine-month periods ended September 30, 2021.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"**Matching Period**" has the meaning specified in Section 5.4(1)(e).

"**Material Contract**" means any Contract of the Company or its Subsidiaries:

(a) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Company Material Adverse Effect;

(b) with respect to a lease the termination of which would be material to the Company and its Subsidiaries including those leases set out in Section 15(a) of the Company Disclosure Letter;

(c) relating directly or indirectly to the guarantee of any liabilities or obligations or to indebtedness (currently outstanding or which may become outstanding) or to the lending of any money in excess of USD$50,000 to another Person;

(d) that provides for the indemnification by the Company or such Subsidiary of any Person or the assumption of any Tax, environmental, or other liability of any Person, in each case outside the Ordinary Course;

(e) restricting the incurrence of indebtedness by the Company or any of its Subsidiaries (including by requiring the granting of any Lien) or the incurrence of any Liens on any Company Assets, or restricting the payment of dividends by the Company or by any of its Subsidiaries;

(f) under which a Person made payments to the Company and its Subsidiaries in excess of USD$50,000 during the 12-month period ended November 30, 2021;

(g) under which the Company and/or its Subsidiaries made payments to any Person in excess of USD$50,000 during the 12-month period ended November 30, 2021;

(h) that cannot be cancelled by the Company or such Subsidiary without penalty or without more than 30 days' notice;

(i) under which the Company or any of its Subsidiaries is obligated to make or expects to receive payments in excess of USD$50,000 over the remaining term;

(j) providing for the establishment, investment in, operation, organization, governance or formation of any joint venture, strategic relationship, limited liability company, partnership or similar entity;

(k) that contemplates an exclusive business relationship with any other Person or grants a right of first offer or refusal or similar rights or terms to any Person;

(l) with a Governmental Entity;

(m) that gives another Person the right to acquire or provide a set quantity or volume of products or services from or to the Company or any of its Subsidiaries or under which the Company or any of its Subsidiaries has provided a most-favoured nation or similar right to another Person;

(n) that contains any material exclusivity or non-solicitation obligations of the Company or any of its Subsidiaries;

(o) that limits or restricts in any respect: (i) any business practice of the Company or any of its Subsidiaries; (ii) the ability of the Company or any of its Subsidiaries to engage in any line of business or carry on business in any geographic area; or (iii) the scope of Persons to whom the Company or any of its Subsidiaries may sell assets, products or inventory to or acquire assets, products or inventory from or deliver services to or contract with for services;

(p) that relates to the acquisition or disposition of any business, any securities or other equity interests of or to any Person, any assets of or to any other Person or any real property of or to any Person (whether by amalgamation, arrangement, sale of securities, sale of assets or otherwise) with respect to which there are outstanding obligations;

(q) providing for any severance, retention or transaction bonus, change of control payment or other fee that will become payable, whether by acceleration or otherwise (and whether or not subject to a "double trigger"), by the Company or any of its Subsidiaries in connection with the transactions contemplated by this Agreement;

(r) that is a Collective Agreement or other similar agreement with respect to Company Employees;

(s) that relates to Company Intellectual Property (other than "shrink-wrap" and other generally available end-user licenses or permissions) or third party- owned trade or service marks or brand names;

(t) that requires the consent of any other Person to the Contract to a change in control of the Company or any of its Subsidiaries or that triggers or accelerates the rights of any other Person to the Contract upon a change in control of the Company or any of its Subsidiaries;

(u) that provides or by which the Company or any of its Subsidiaries receives management, consulting or similar administrative services that involve aggregate compensation or other payments in excess of USD$50,000;

(v) that is with any current or former director or Company Employee or any of their associates or affiliates (other than employment contracts) or any Person that owns or currently or formerly beneficially owned 5% or more of the outstanding Company Common Shares or with any of such Person's associates or affiliates; or

(w) that is otherwise material to the Company and its Subsidiaries, taken as a whole.

"**MI 61-101**" means Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

"**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

"**officer**" has the meaning specified in the *Securities Act* (British Columbia).

"**Ordinary Course**" means, with respect to an action taken by a Party or its Subsidiaries, that such action is consistent with the past practices of such Party and its Subsidiaries and is taken in the ordinary course of the normal day-to-day operations of the business of such Party and its Subsidiaries and is not otherwise material and adverse to such Party and its Subsidiaries.

"**Outside Date**" means March 31, 2022, or such later date as may be agreed to in writing by the Parties, subject to the right of any Party to extend the Outside Date for up to an additional 28 days (in 14-day increments) if the Required Regulatory Approvals have not been obtained and have not been denied by a non-appealable decision of a Governmental Entity, by giving written notice to the other Party to such effect no later than 5:00 p.m. (Toronto time) on the date that is not less than two Business Days prior to the original Outside Date (and any subsequent Outside Date); provided that notwithstanding the foregoing, a Party shall not be permitted to extend the Outside Date if the failure to obtain any of the Required Regulatory Approvals is primarily the result of such Party's wilful breach of its covenants herein. Notwithstanding the foregoing, if there is a "second request" under the HSR Act, the Outside Date may be extended upon mutual agreement of the Parties in writing.

"**Parties**" means the Company and the Purchaser and "**Party**" means any one of them.

"**Permitted Liens**" means, in respect of a Party or any of its Subsidiaries, any one or more of the following:

(a) Liens for Taxes which are not yet due or delinquent or that are being properly contested in good faith by appropriate proceedings and in respect of which reserves have been provided in the most recent publicly filed financial statements;

(b) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers and others in respect of the construction, maintenance, repair or operation of assets, provided that such Liens are related to obligations not due or delinquent, are not registered against title to any assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;

(c) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of a Party or any of its Subsidiaries, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance;

(d) easements, servitudes, restrictions, restrictive covenants, rights of way, licenses, permits and other similar rights in real or immovable property that in each case do not materially detract from the value or materially interfere with the use of the real or immovable property subject thereto;

(e) zoning and building by-laws and ordinances, regulations made by public authorities that in each case do not materially detract from the value or materially interfere with the use of the real or immovable property subject thereto;

(f) such other imperfections or irregularities of title or Lien that, in each case, do not materially adversely affect the use of the properties or assets subject thereto or otherwise materially adversely impair business operations of such properties;

(g) agreements with any Governmental Entity and any public utilities or private suppliers of services that in each case do not materially detract from the value or materially interfere with the use of the real or immovable property subject thereto;

(h) Liens in respect of pledges or deposits under workers' compensation, social security or similar Laws, other than with respect to any amounts which are not yet due or delinquent or that are being properly contested in good faith by appropriate proceedings and in respect of which reserves have been provided in the most recent publicly filed financial statements;

(i) any notices of leases registered on title and licenses of occupation;

(j) purchase money liens and liens securing rental payments under capital lease arrangements; and

(k) customary Liens of landlords, sublandlords or licensors arising under leases or license arrangements;

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form of Schedule A, subject to any amendments or variations to such plan made in accordance with Section 8.1 hereof, the Plan of Arrangement itself or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Pre Acquisition Reorganization**" has the meaning specified in Section 4.6(1).

"**Privacy Laws**" mean all applicable Laws governing the processing of personal information, including the *Personal Information Protection and Electronic Documents Act* (Canada), but shall exclude the European Union's and European Economic Area's *General Data Protection Regulation,* local Laws related thereto and substantially similar Laws.

"**Purchaser**" has the meaning ascribed thereto in the preamble hereto.

"**Purchaser Derivative Securities**" means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Purchaser Shares, including options, exchangeable shares, restricted stock unit grants, rights and warrants.

"**Purchaser Disclosure Letter**" means the disclosure letter dated the date of this Agreement and executed and delivered by the Purchaser to the Company with this Agreement.

"**Purchaser Employees**" means the officers, employees and independent contractors of the Purchaser.

"**Purchaser Filings**" means all documents publicly filed under the profile of the Purchaser on the SEDAR since January 1, 2020.

"**Purchaser Financial Statements**" has the meaning specified in Paragraph 6(a) of Schedule D.

"**Purchaser Material Adverse Effect**" means any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances is or would reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Purchaser and its Subsidiaries, on a consolidated basis, except any such change, event, occurrence, effect, state of facts or circumstance resulting from:

(a) any change generally affecting the cannabis industry as a whole;

(b) any change in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism) or in general economic, business, banking, currency exchange, interest rate, rate of inflation, regulatory, political or market conditions or in national or global financial or capital markets conditions;

(c) any hurricane, flood, tornado, earthquake, forest fire or other natural disaster, man-made disaster or comparable event;

(d) any epidemic, pandemic, disease outbreak (including COVID-19), other health crisis or public health event including any worsening or re-occurrence thereof;

(e) any change or proposed change in any Law or GAAP or in the interpretation or application of any Laws by any Governmental Entity;

(f) any generally applicable changes to IFRS as incorporated in the Handbook of the Canadian Institute of Chartered Accountants;

(g) the failure by the Purchaser to meet any internal, third party or public projections, forecasts, guidance or estimates of revenues or earnings (it being understood that the causes underlying any such failure may be taken into account in determining whether a Purchaser Material Adverse Effect has occurred);

(h) the announcement of this Agreement and the transactions contemplated hereby;

(i) any action taken (or omitted to be taken) by the Purchaser or its Subsidiaries that is consented to by the Company expressly in writing;

(j) any actions taken (or omitted to be taken) by the Purchaser or its Subsidiaries upon the written request of the Company; or

(k) any change in the market price or trading volume of any securities of the Purchaser (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Purchaser Material Adverse Effect has occurred) or any suspension of trading;

provided, however, that with respect to clauses (a) through to and including (d) above, such matter does not have a materially disproportionate effect on the Purchaser and its Subsidiaries, on a consolidated basis, relative to other comparable companies and entities operating in the industry in which the Purchaser and its Subsidiaries operate, and unless expressly provided in any particular section of this Agreement, references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Purchaser Material Adverse Effect" has occurred.

"**Purchaser Reporting Jurisdictions**" has the meaning specified in Paragraph 5 of Schedule D.

"**Purchaser Shares**" means the common shares in the capital of the Purchaser.

"**Purchaser Termination Fee**" means a cash termination payment in an amount equal to USD$2,000,000 payable by Purchaser to Company upon the occurrence of a Purchaser Termination Fee Event, as set forth in Section 8.2(4);

"**Purchaser Termination Fee Event**" has the meaning specified in Section 8.2(4);

"**Registrar**" means the Registrar of Companies appointed under Section 400 of the BCBCA.

"**Regulatory Approvals**" means any consent, waiver, permit, license, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case in connection with the Arrangement (including, for greater certainty, in connection with a change of control of the Company or any of its Subsidiaries whether directly or indirectly or in connection with any of the Company's or its Subsidiaries' Authorizations). For the avoidance of doubt, "**Regulatory Approvals**" includes the Required Regulatory Approvals.

"**Related Party**" has the meaning specified in Paragraph 24 of Schedule C.

"**Replacement Option**" means an option or right to purchase Purchaser Shares granted by the Purchaser in replacement of Company Options pursuant to the Arrangement.

"**Representative**" has the meaning specified in Section 5.1(1).

"**Required Approval**" has the meaning specified in Section 2.2(1)(b).

"**Required Regulatory Approvals**" has the meaning specified in Section 4.4(2).

"**Restricted Voting Shares**" means the Class A restricted voting shares in the capital of the Purchaser.

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof.

"**Securities Authority**" means the British Columbia Securities Commission and the Ontario Securities Commission and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada.

"**Securities Laws**" means the *Securities Act* (British Columbia) and the *Securities Act* (Ontario) and any other applicable provincial securities Laws.

"**SEDAR**" means the System for Electronic Document Analysis Retrieval.

"**Share Consideration**" means the Exchange Ratio (as determined in accordance with the Plan of Arrangement) of a Purchaser Share for each Company Common Share.

"**Special Committee**" means the committee of the Board formed in relation to the proposal to effect the transactions contemplated by this Agreement.

"**Subsidiary**" has the meaning specified in National Instrument 45-106 - *Prospectus Exemptions* as in effect on the date of this Agreement.

"**Superior Proposal**" means any *bona fide* written Acquisition Proposal from a Person who is an arm's length third party, made after the date of this Agreement, to acquire not less than all of the outstanding Company Common Shares or all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis that:

(a) complies with Securities Laws and did not result from or involve a breach of Article 5 of this Agreement or any other agreement between the Person making the Acquisition Proposal and the Company or any of its Subsidiaries;

(b) is reasonably capable of being completed without undue delay relative to the Arrangement, taking into account, all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal;

(c) is not subject to any financing condition and in respect of which the Board determines in good faith that adequate arrangements have been made to ensure that the required consideration will be available to effect payment in full for all of the Company Common Shares or assets, as the case may be;

(d) is not subject to any due diligence condition;

(e) the Board determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal, that the Acquisition Proposal would, if consummated in accordance with its terms, but without assuming away the risk of non- completion, result in a transaction which is more favourable, from a financial point of view, to the Company Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(2); and

(f) in the event that the Company does not have the financial resources to pay the Company Termination Fee, the terms of such Acquisition Proposal provide that the Person making such Acquisition Proposal shall advance or otherwise provide the Company the cash required for the Company to pay the Company Termination Fee and such amount shall be advanced or provided on or before the date such Company Termination Fee becomes payable.

"**Superior Proposal Notice**" has the meaning specified in Section 5.4(1)(c).

"**Supporting Shareholders**" means each of those persons set out in Section 1.1 of the Company Disclosure Letter.

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

"**Tax Returns**" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

"**Taxes**" means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, unclaimed property or escheat, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"**Terminating Party**" has the meaning specified in Section 4.8(3).

"**Termination Notice**" has the meaning specified in Section 4.8(3).

"**U.S. Treasury Regulations**" means the regulations promulgated under the Code by the United States Department of the Treasury.

"**Transaction Personal Information**" has the meaning specified in Section 8.15.

"**United States**" or "**U.S.**" means, as the context requires, the United States of America, its territories and possessions, any State of the United States, and/or the District of Columbia.

"**USD**" means the lawful currency of the United States of America.

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*.

"**U.S. Person**" has the meaning ascribed to such term in Rule 902(k) of Regulation S under the U.S. Securities Act.

"**U.S. Securities Act**" means the *United States Securities Act of 1933*.

"**Voting and Support Agreements**" means, collectively, the voting and support agreements dated the date hereof between the Purchaser and each of the Supporting Shareholders, substantially in the form of Schedule E.

Section 1.2 Certain Rules of Interpretation

In this Agreement, unless otherwise specified:

(1) **Headings, etc**. The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(2) **Currency**. All references to dollars or to $ are references to Canadian dollars unless otherwise indicated.

(3) **Gender and Number**. Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) **Certain Phrases and References, etc**. The words "including", "includes" and "include" mean "including (or includes or include) without limitation," and "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of." Unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term "Agreement" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it. The term "made available to the Purchaser" means copies of the subject materials were included in the Company Data Room or otherwise provided in writing in the manner expressly set forth in the Company Disclosure Letter.

(5) **Capitalized Terms**. All capitalized terms used in any Schedule, the Company Disclosure Letter or the Purchaser Disclosure Letter have the meanings ascribed to them in this Agreement.

(6) **Knowledge**. Where any representation or warranty is expressly qualified by reference to the knowledge of the Company, it is deemed to refer to the knowledge of Michael Jennings, Matthew Jewell, Todd Hybels and Josh Callicott after reasonable and diligent inquiry. Where any representation or warranty is expressly qualified by reference to the knowledge of the Purchaser, it is deemed to refer to the knowledge of Robert Groesbeck, Larry Scheffler, Dennis Logan and Leighton Koehler, after reasonable and diligent inquiry.

(7) **Accounting Terms**. All accounting terms are to be interpreted in accordance with GAAP and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with GAAP.

(8) **Statutes**. Any reference to a statute refers to such statute and all rules, policies and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(9) **Computation of Time**. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.

(10) **Time References**. References to time are to local time, Toronto, Ontario (unless indicated otherwise).

(11) **Subsidiaries**. To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of the Company, each such provision shall be construed as a covenant by the Company to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

(12) **Disclosure Letters**. Each of the Company Disclosure Letter and the Purchaser Disclosure Letter and all information contained in each of them is confidential information and may not be disclosed unless (i) it is required to be disclosed pursuant to Law unless such Law permits the Parties to refrain from disclosing the information for confidentiality or other purposes or (ii) a Party needs to disclose it in order to enforce or exercise its rights under this Agreement.

Section 1.3 Schedules

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

ARTICLE 2
THE ARRANGEMENT

Section 2.1 Arrangement

(1) The Company and the Purchaser agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

Section 2.2 Interim Order

(1) As soon as reasonably practicable after the date of this Agreement, but in any event at a time so as to permit the Company Meeting to be held on or before the date specified in Section 2.3(a), the Company shall apply in a manner reasonably acceptable to the Purchaser pursuant to Section 291 of the BCBCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which must provide, among other things:

(a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;

(b) that the required level of approval (the "**Required Approval**") for the Arrangement Resolution shall be: (i) 66 2/3% of the votes cast on the Arrangement Resolution by Company Shareholders present in person or represented by proxy and entitled to vote at the Company Meeting; and (ii) if required under Securities Laws, a simple majority of the votes of the Company Shareholders voting as a single class held by Company Shareholders present in person or represented by proxy and entitled to vote at the Company Meeting excluding for this purpose votes held by persons described in items (a) through (d) of section 8.1(2) of MI 61-101;

(c) that the terms, restrictions and conditions of the Company's Constating Documents, including quorum requirements and all other matters, shall, unless varied by the Interim Order, apply in respect of the Company Meeting;

(d) for the grant of the Dissent Rights only to those Company Shareholders who are registered Company Shareholders;

(e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(f) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court;

(g) confirmation of the record date for the purposes of determining the Company Securityholders entitled to notice of and to vote at the Company Meeting in accordance with the Interim Order;

(h) that the record date for the Company Securityholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) of the Company Meeting, unless required by Law or with the written consent of the Purchaser; and

(i) for such other matters as the Company may reasonably require, subject to obtaining the prior consent of the Purchaser, such consent not to be unreasonably withheld or delayed.

(2) In seeking the Interim Order, the Company shall advise the Court that it is the Purchaser's intention to rely upon the Section 3(a)(10) Exemption with respect to the issuance of all Arrangement Issued Securities to be issued pursuant to the Arrangement, based and conditioned on the Court's approval of the Arrangement and its determination that the Arrangement is fair and reasonable to the Company Securityholders to whom will be issued Arrangement Issued Securities pursuant to the Arrangement, following a hearing and after consideration of the substantive and procedural terms and conditions thereof.

Section 2.3 The Company Meeting

The Company shall:

(a) convene and conduct the Company Meeting in accordance with the Interim Order, the Company's Constating Documents and Law as soon as reasonably practical and, in any event but subject to compliance by the Purchaser with its obligations in Section 2.4(4), on or before February 28, 2022 (or such later date as may be agreed to by the Parties in writing) and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of the Purchaser, except:

(i) in the case of an adjournment, as required for quorum purposes (in which case the Company Meeting shall be adjourned to a date agreed upon between the Company and the Purchaser, each acting reasonably, and not cancelled);

(ii) adjournments for not more than five (5) Business Days to solicit proxies in order to obtain the Required Approval;

(iii) as required by Law or a Governmental Entity; or

(iv) as required or permitted under Section 4.8(3) or Section 5.4(5).

(b) subject to the terms of this Agreement, use commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Person that is inconsistent with the Arrangement Resolution and the completion of any of the transactions contemplated by this Agreement, including, if so requested by the Purchaser, at the Purchaser's expense, using dealer and proxy solicitation services firms selected by the Purchaser (and consent to by the Company, acting reasonably) and providing reasonable cooperation with any Persons engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution;

(c) provide the Purchaser with copies of or access to information regarding the Company Meeting generated by any transfer agent, dealer or proxy solicitation services firm, as reasonably requested in writing from time to time by the Purchaser;

(d) permit the Purchaser, if it so chooses at its sole discretion and at its expense to, on behalf of the management of the Company, directly or through a soliciting dealer approved in writing by the Company, actively solicit proxies in favour of the Arrangement Resolution on behalf of management of the Company in compliance with Law and disclose in the Company Circular that the Purchaser may make such solicitations;

(e) consult with the Purchaser in fixing the record date for the Company Meeting and the date of the Company Meeting, in each case, as agreed between the Company and the Purchaser, each acting reasonably, give notice to the Purchaser of the Company Meeting and allow the Purchaser's representatives and legal counsel to attend the Company Meeting;

(f) promptly advise the Purchaser, at such times as the Purchaser may reasonably request in writing and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution, including the manner in which the applicable securities have been voted;

(g) promptly advise the Purchaser of any communication (written or oral) from or claim brought by (or threatened to be brought by) any Person in opposition to the Arrangement, written notice of dissent, purported exercise or withdrawal of Dissent Rights, and provide the Purchaser with an opportunity to review and comment upon any written communications sent by or on behalf of the Company to any such Person and to participate in any discussions, negotiations or proceedings involving any such Person;

(h) not make any payment or settlement offer, or agree to any payment or settlement prior to the Effective Time with respect to any claims regarding the Arrangement or Dissent Rights without the prior written consent of the Purchaser;

(i) not change the record date for the Company Securityholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting, unless required by Law (and in such case, to a date agreed between the Company and the Purchaser, each acting reasonably) or with the written consent of the Purchaser; and

(j) at the reasonable written request of the Purchaser from time to time, provide the Purchaser with a list (in both written and electronic form) of (i) the registered Company Shareholders, together with their addresses and respective holdings of Company Common Shares, (ii) the names, addresses and holdings of all Persons having rights issued by the Company to acquire Company Common Shares (including holders of Company Options), and (iii) participants and book-based nominee registrants such as CDS & Co., CEDE & Co. and DTC, and non- objecting beneficial owners of Company Common Shares, together with their addresses and respective holdings of Company Common Shares. The Company shall require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of Company Securityholders, and other assistance as the Purchaser may reasonably request from time to time.

Section 2.4 The Company Circular

(1) Subject to the Purchaser's compliance with Section 2.4(4), the Company shall promptly prepare and complete, in consultation with the Purchaser and its legal counsel, the Company Circular together with any other documents required by Law and the Interim Order in connection with the Company Meeting and the Arrangement, and the Company shall, as promptly as reasonably practicable after obtaining the Interim Order, cause the Company Circular and such other documents to be filed and sent to each Company Securityholder and other Person as required by the Interim Order and Law, in each case so as to permit the Company Meeting to be held by the date specified in Section 2.3(a).

(2) The Company shall ensure that the Company Circular complies in all material respects with Law and the Interim Order, does not contain any Misrepresentation (other than with respect to information provided by or on behalf of the Purchaser in accordance with Section 2.4(4)) and provides the Company Securityholders with sufficient information to permit them to form a reasoned judgement concerning the matters to be placed before the Company Meeting. Without limiting the generality of the foregoing, the Company Circular must include: (i) a copy of the Company Fairness Opinions; (ii) a statement that the Board has received the Company Fairness Opinions, and has determined, after receiving legal and financial advice: (A) that the Arrangement is fair to the Company Securityholders; (B) the Arrangement and the entering into of this Agreement is in the best interests of the Company; and (C) that the Board recommends that the Company Shareholders vote in favour of the Arrangement Resolution (collectively, the "**Board Recommendation**"), and (iii) a statement that each of the Supporting Shareholders have entered into Voting and Support Agreements pursuant to which they intend to vote all of their Company Common Shares in favour of the Arrangement Resolution.

(3) The Company shall provide the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Company Circular and other related documents, and shall give reasonable consideration to any comments made by the Purchaser and its counsel, and agrees that all information relating solely to the Purchaser and its affiliates for inclusion in the Company Circular and any information describing the terms of the Arrangement and/or the Plan of Arrangement must be in a form and content satisfactory to the Purchaser, acting reasonably. The Company shall provide the Purchaser with a final copy of the Company Circular prior to its mailing to the Company Securityholders.

(4) The Purchaser shall as soon as reasonably practicable after the date hereof, provide the Company with all information regarding the Purchaser, its Subsidiaries and the Purchaser Shares, including any applicable *pro forma* financial statements, as required by Law or as may be reasonably requested by the Company for inclusion in the Company Circular or in any amendments or supplements to such Company Circular. The Purchaser shall ensure that such information does not include any Misrepresentation concerning the Purchaser, its Subsidiaries, its affiliates and the Purchaser Shares.

(5) The Purchaser acknowledges and agrees that the Company shall be entitled to rely on the accuracy of all information furnished by the Purchaser, its affiliates and their respective Representatives in writing for inclusion in the Company Circular concerning the Purchaser and its affiliates.

(6) Each Party shall promptly notify the other Party if it becomes aware that the Company Circular contains a Misrepresentation with respect to its information, or otherwise requires an amendment or supplement. The Parties shall, in a manner consistent with this Section 2.4, co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall, in a manner provided in the Interim Order or as required by Law or the Court, promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Company Securityholders and, if required by the Court or by Law, file the same with the Securities Authorities or any other Governmental Entity as required.

Section 2.5 Final Order

Following approval of the Arrangement Resolution, the Company shall, in consultation with the Purchaser, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 291 of the BCBCA, as soon as reasonably practicable, but in any event not later than five Business Days after the Arrangement Resolution is passed at the Company Meeting, or such other date as may be agreed to by the Parties in writing, acting reasonably.

Section 2.6 Court Proceedings

In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, the Company shall:

(a) diligently pursue, and the Purchaser will cooperate with the Company in diligently pursuing, the Interim Order and the Final Order. The Purchaser shall provide to the Company on a timely basis any information required to be supplied by the Purchaser in connection therewith;

(b) provide legal counsel to the Purchaser with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and give reasonable consideration to all such comments;

(c) provide legal counsel to the Purchaser with copies of any notice of appearance, evidence or other documents served on the Company or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;

(d) ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with this Agreement and the Plan of Arrangement;

(e) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent not to be unreasonably withheld, conditioned or delayed, provided the Purchaser is not required to agree or consent to any increase in the Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations, or diminishes or limits the Purchaser's rights, set forth in any such filed or served materials or under this Agreement;

(f) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order do so only after notice to, and in consultation and cooperation with, the Purchaser; and

(g) not object to legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided the Purchaser advises the Company of the nature of any such submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement.

Section 2.7 Options

(1) The Parties acknowledge and agree that all Company Options that are not exercised, whether conditionally or otherwise, prior to the Effective Time shall be treated in accordance with the provisions of the Plan of Arrangement, and the Company shall take all such reasonable steps as may be necessary or desirable to give effect to the foregoing.

(2) The Company represents and warrants that other than the Company Options, there are no other Company Derivative Securities issued and outstanding on the date hereof.

Section 2.8 Effective Date

(1) The Company shall amend the Plan of Arrangement from time to time at the reasonable request of the Purchaser, provided that no such amendment is inconsistent with the Interim Order or the Final Order or is prejudicial to the Company or the Company Securityholders.

(2) The Arrangement shall become effective on the date upon which the Company and the Purchaser agree in writing as to the Effective Date or, in the absence of such agreement, three Business Days following the satisfaction or waiver of all conditions to completion of the Arrangement set out in Section 6.1, Section 6.2 and Section 6.3 of this Agreement (excluding conditions that, by their terms, being those in Section 6.1(3), Section 6.2(1), Section 6.2(2), Section 6.2(3), Section 6.2(5), Section 6.2(6), Section 6.3(1), Section 6.3(2), Section 6.3(3) and Section 6.3(4), cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date) and the Arrangement shall be effective at the Effective Time on the Effective Date and will have all of the effects provided by Law for all purposes this Agreement and the Plan of Arrangement.

(3) Unless otherwise mutually agreed in writing, the closing of the Arrangement will take place electronically via an electronic closing.

Section 2.9 Payment of Consideration

The Purchaser shall, following receipt of the Final Order and on or immediately prior to the Effective Date, deliver or cause to be delivered to the Depositary in escrow (the terms of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably) pending the Effective Time, sufficient cash and Purchaser Shares (and any treasury directions addressed to Purchaser's transfer agent as may be necessary) to satisfy the aggregate Consideration to be paid to Company Shareholders (other than dissenting Company Shareholders) and the other Arrangement Issued Securities to be issued to Company Optionholders under the Arrangement.

Section 2.10 Eligible Holders

An Eligible Holder whose Company Common Shares are exchanged for the Consideration pursuant to the Arrangement shall be entitled, in the manner and in accordance with any deadlines contemplated by the Plan of Arrangement, to make a joint income tax election with the Purchaser, pursuant to section 85 of the Tax Act (and any analogous provision of provincial income tax law), with respect to the exchange.

Section 2.11 Withholding Taxes

The Purchaser, the Depositary and the Company, as applicable, shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Company Securityholder under the Plan of Arrangement or this Agreement such amounts as the Purchaser, the Depositary or the Company (as applicable) may be permitted or are required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted to the appropriate Governmental Entity, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid. The Purchaser will (i) promptly notify the Company if it becomes aware of any such deductions or withholding, and (ii) remit any withheld or deducted amounts to the appropriate Governmental Entity within the time required by applicable Law. Each of the Purchaser, the Depositary or the Company, as applicable, is hereby authorized to sell or otherwise dispose of, on behalf of such Person, such portion of any share or other security deliverable to such Person as is necessary to provide sufficient funds to the Purchaser, the Depositary or the Company, as the case may be, to enable it to comply with such deduction or withholding requirement and the Purchaser, the Depositary or the Company shall notify such Person thereof and remit the applicable portion of the net proceeds of such sale to the appropriate taxing authority and, if applicable, any portion of such net proceeds that is not required to be so remitted shall be paid to such Person.

Section 2.12 U.S. Securities Law Matters

The Parties agree that the Arrangement will be carried out with the intention that all Arrangement Issued Securities will not be registered under the U.S. Securities Act or any U.S. state securities laws, and all Arrangement Issued Securities (other than the Purchaser Shares underlying the Replacement Options) will be issued by the Purchaser in reliance on the Section 3(a)(10) Exemption and available exemptions from the registration or qualification requirements of applicable U.S. state securities laws. In order to ensure the availability of the Section 3(a)(10) Exemption and to facilitate the Purchaser's compliance with other United States securities Laws, the Parties agree that the Arrangement will be carried out on the following basis:

(i) pursuant to Section 2.2(2), prior to the issuance of the Interim Order, the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption with respect to the issuance of all Arrangement Issued Securities pursuant to the Arrangement (which, for greater certainty, will exclude the Purchaser Shares underlying the Replacement Options), based on the Court's approval of the Arrangement;

(ii) prior to the issuance of the Interim Order, the Company will file with the Court a copy of the proposed text of the Company Circular together with any other documents required by Law in connection with the Company Meeting;

(iii) the Court will be required to satisfy itself as to the substantive and procedural fairness of the Arrangement to the Company Securityholders to whom will be issued Arrangement Issued Securities pursuant to the Arrangement;

(iv) the Interim Order will specify that each Person entitled to receive Arrangement Issued Securities pursuant to the Arrangement will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time;

(v) the Company will ensure that each Company Shareholder and any other Person entitled to receive the Share Consideration pursuant to the Arrangement will be given adequate and appropriate notice advising them of their right to attend the hearing of the Court to give approval to the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(vi) all Persons entitled to receive the Arrangement Issued Securities pursuant to the Arrangement will be advised that the Arrangement Issued Securities issued pursuant to the Arrangement have not been registered under the U.S. Securities Act or any U.S. state securities laws, and will be issued by the Purchaser in reliance on the Section 3(a)(10) Exemption and available exemptions from the registration or qualification requirements of applicable U.S. state securities laws, and shall be without trading restrictions under the U.S. Securities Act (other than those that would apply under the U.S. Securities Act to Persons who are, have been within 90 days of the Effective Time, or, at the Effective Time, become affiliates (as defined by Rule 144 of the U.S. Securities Act) of the Purchaser);

(vii) the Final Order approving the terms and conditions of the Arrangement that is obtained from the Court will, unless otherwise agreed by the Purchaser in writing, expressly state that the Arrangement is approved by the Court as fair and reasonable to all Persons entitled to receive Arrangement Issued Securities pursuant to the Arrangement;

(viii) holders of Company Options entitled to receive Replacement Options pursuant to the Arrangement will be advised that the Replacement Options issued pursuant to the Arrangement (and underlying Purchaser Shares) have not been registered under the U.S. Securities Act and the Replacement Options will be issued and exchanged by Purchaser in reliance on the Section 3(a)(10) Exemption, but that such exemption does not exempt the issuance of securities upon the exercise of such Replacement Options; therefore, the Purchaser Shares issuable upon exercise of the Replacement Options cannot be issued in the United States or to, or for the account or benefit of, a U.S. Person or a person in the United States in reliance on the Section 3(a)(10) Exemption and the Replacement Options may only be exercised pursuant to a then-available exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws;

(ix) each Company Securityholder will be advised that with respect to Arrangement Issued Securities issued to Persons who are, have been within 90 days of the Effective Time, or, at the Effective Time become, affiliates (as defined by Rule 144 of the U.S. Securities Act) of the Purchaser, such securities will be subject to restrictions on resale under U.S. Securities Laws, including Rule 144 under the U.S. Securities Act;

(x) the Court will hold a hearing before approving the fairness of the terms and conditions of the Arrangement and issuing the Final Order; and

(xi) the Company shall request that the Final Order shall include a statement to substantially the following effect:

"This Order will serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of the Purchaser pursuant to the Plan of Arrangement."

Section 2.13 Adjustment of Consideration

Notwithstanding any restriction or any other matter in this Agreement to the contrary, if, between the date of this Agreement and the Effective Time, the issued and outstanding Purchaser Shares shall have been changed into a different number of shares by reason of any split, consolidation or stock dividend of the issued and outstanding Purchaser Shares or similar event, then the Consideration to be paid per Company Common Share shall be appropriately adjusted to provide to Company Shareholders the same economic effect as contemplated by this Agreement and the Arrangement prior to such action and as so adjusted shall, from and after the date of such event, be the Share Consideration to be paid per Company Common Share.

Section 2.14 U.S. Tax Treatment

(1) For United States federal income tax purposes, the exchange of Company Common Shares for the Consideration and the amalgamation of the Company and Purchaser with Purchaser as the surviving corporation as set forth in the Plan of Arrangement (the "**Acquisition**") are intended to constitute a single integrated transaction qualifying as a reorganization within the meaning of Section 368(a)(1)(A) of the Code and this Agreement is intended to be a "plan of reorganization" within the meaning of the Treasury Regulations promulgated under Section 368 of the Code. Provided that the Acquisition meets the requirements of a reorganization within the meaning of Section 368(a) of the Code, each Party agrees to treat the Acquisition as a reorganization within the meaning of Section 368(a) of the Code for all United States federal income tax purposes, and agrees to treat this Agreement as a "plan of reorganization" within the meaning of the U.S. Treasury Regulations promulgated under Section 368 of the Code, and to not take any position on any Tax Return or otherwise take any Tax reporting position inconsistent with such treatment, unless otherwise required by applicable Law or a "determination" within the meaning of Section 1313 of the Code. Notwithstanding the foregoing, neither of Purchaser or the Company makes any representation, warranty or covenant to any other party or to any Company Securityholder, holder of Purchaser Shares or other holder of Company securities or Purchaser securities (including, without limitation, stock options, warrants, debt instruments or other similar rights or instruments) regarding the U.S. tax treatment of the Acquisition, including, but not limited to, whether the Acquisition will qualify as a reorganization within the meaning of Section 368(a) of the Code or otherwise as a tax-deferred transaction for purposes of any U.S. state or local income tax Law. Although the Acquisition is intended to qualify as a reorganization under Section 368(a) of the Code, because the Company is not treated as a U.S. corporation for U.S. federal income tax purposes, the Acquisition is subject to the rules under Section 367(b) of the Code. This Section 2.14 shall be revised as necessary to reflect amendments to this Agreement and the Plan or Arrangement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company

(1) Except as set forth in the correspondingly numbered section of the Company Disclosure Letter (it being understood and agreed that disclosure of any fact or item in the Company Disclosure Letter shall constitute disclosure for any of the representations and warranties of the Company set forth in Schedule C where the relevance of any such fact or item is manifestly apparent from a reading of such disclosure), the Company represents and warrants to the Purchaser as set forth in Schedule C and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in this Agreement, neither the Company nor any other Person has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Company.

(3) Subject to Section 7.3, the representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

Section 3.2 Representations and Warranties of the Purchaser

(1) Except as set forth in the correspondingly numbered section of the Purchaser Disclosure Letter (it being understood and agreed that disclosure of any fact or item in the Purchaser Disclosure Letter shall constitute disclosure for any of the representations and warranties of the Purchaser set forth in Schedule D where the relevance of any such fact or item is manifestly apparent from a reading of such disclosure), the Purchaser represents and warrants to the Company as set forth in Schedule D and acknowledges and agrees that the Company is relying upon the representations and warranties in connection with the entering into of this Agreement.

(2) Except for the representations and warranties set forth in this Agreement, neither the Purchaser nor any other Person has made or makes any other express or implied representation and warranty, either written or oral, on behalf of the Purchaser.

(3) Subject to Section 7.3, the representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4
COVENANTS

Section 4.1 Conduct of Business of the Company

(1) The Company covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms (the "**Interim Period**"), except: (i) with the prior written consent of the Purchaser, not to be unreasonably withheld; (ii) as required by this Agreement; (iii) as required by Law; or (iv) as expressly contemplated by the Company Disclosure Letter, the Company shall, and shall cause each of its Subsidiaries to, conduct its business in the Ordinary Course and in accordance with Laws, and the Company shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, properties, employees, goodwill and business relationships with customers, suppliers, partners and other Persons with which the Company and any of its Subsidiaries has material business relations. The Company shall also comply with all of its other covenants contained herein.

(2) Without limiting the generality of Section 4.1(1), the Company covenants and agrees that, during the Interim Period, except: (i) with the prior written consent of the Purchaser, not to be unreasonably withheld, delayed or conditioned; (ii) as required or contemplated by this Agreement; (iii) as required by Law; or (iv) as expressly contemplated by the Company Disclosure Letter, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

(a) amend its Constating Documents or, in the case of any Subsidiary which is not a corporation, its similar organizational documents;

(b) split, combine or reclassify any shares of its capital stock or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) or amend any term of any outstanding debt security;

(c) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of its capital stock or the capital stock of its Subsidiaries;

(d) enter into, or cause any acceleration, amendment, termination (partial or complete), modification or cancellation of, or grant any waiver or give any consent or release with respect to, any Contract (or series of related Contracts) providing for the payment of more than USD$50,000 in the aggregate in any 12-month period;

(e) (i) issue any note, bond or other debt security, (ii) create, incur, assume or guarantee, or (iii) make any voluntary purchases, cancellations, prepayments or complete or partial discharges in advance of a scheduled payment date with respect to, or grant any waiver of any right of the Company or such Subsidiary, in each case with respect to any indebtedness involving, individually or in the aggregate, more than USD$50,000;

(f) issue, deliver, sell, pledge or otherwise encumber, or authorize the issuance, delivery, sale, pledge or other encumbrance of any shares of its capital stock or other equity or voting interests, including the capital stock of its Subsidiaries, or any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock or other equity or voting interests, or other rights that are linked to the price or the value of Company Common Shares except for the issuance of Company Common Shares issuable upon the exercise of the currently outstanding Company Options;

(g) amend the terms of any of its securities, reduce the capital of any of its securities or otherwise enter into any transaction that would reduce the "paid-up capital" (within the meaning of the Tax Act) of Company Common Shares;

(h) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses or make any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person, or acquire any license rights, other than (i) acquisition of assets in the Ordinary Course which individually or in the aggregate do not exceed US$50,000 or pursuant to a Contract in existence on the date hereof and as described in Section 4.1(2)(h) of the Company Disclosure Letter;

(i) make any loan or advance to (other than expense advancements in the Ordinary Course), or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person, in each case in excess of USD$25,000 in the aggregate;

(j) make any change in the Company's methods of accounting, except as required by concurrent changes in GAAP, as required by a Governmental Entity or as disclosed in the Company Financial Statements;

(k) sell, lease, transfer, license, mortgage, or otherwise dispose of any Company Assets except for (i) assets which are obsolete and which individually or in the aggregate do not exceed USD$25,000, or (ii) inventory sold in the Ordinary Course;

(l) transfer, assign or grant any license or sublicense of any rights under or with respect to any Company Intellectual Property, or modify any rights in respect of third party-owned trade or service marks or brand names, other than in the Ordinary Course;

(m) enter into any joint venture or similar agreement, arrangement or relationship;

(n) make any operating expenditure, capital expenditure or commitment to do so in excess of USD$50,000 individually or USD$500,000 in the aggregate other than as set forth in Section 4.1(2)(n) of the Company Disclosure Letter;

(o) prepay any indebtedness before its scheduled maturity or increase, create, incur, assume or otherwise become liable for any indebtedness or guarantees thereof;

(p) except in the Ordinary Course in respect of employees other than officers or directors of the Company or any Subsidiary and except as set forth in Section 4.1(2)(p) of the Company Disclosure Letter, (i) grant any bonuses, whether monetary or otherwise, or increase any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, directors, managers, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law, (ii) change the terms of employment for, or terminate, any officer, directors, manager, key employee or group of employees, or (iii) act to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, directors, manager, independent contractor or consultant;

(q) except in the Ordinary Course in respect of employees other than officers or directors of the Company or any Subsidiary, adopt, amend, modify or terminate any (i) employment, severance, retention or other agreement with any current or former employee, officer, directors, manager, independent contractor or consultant or (ii) Company Benefit Plan;

(r) adopt any plan of merger, consolidation, amalgamation, reorganization, liquidation or dissolution or filed a petition in bankruptcy under any provisions of federal, state or provincial bankruptcy or similar Law or consent to the filing of any bankruptcy petition against it under any bankruptcy or similar Law;

(s) in respect of any Company Assets, waive, release, surrender, abandon, let lapse, grant or transfer any material right or value or amend, modify or change, or agree to amend, modify or change, in any material respect, any Contract relating to the ownership or lease of the Company Real Property, any existing Authorization or any Company Intellectual Property;

(t) grant any Lien (other than Permitted Liens) on any of the Company Assets;

(u) (i) make or rescind any material Tax election or designation, amend, in any manner adverse to the Company, any Tax Return, (ii) settle or compromise any material liability for Taxes or change or revoke any of its methods of Tax accounting, (iii) take any action with respect to the computation of Taxes or the preparation of Tax Returns that is in any material respect inconsistent with past practice; (iv) enter into any agreement with or request an advance ruling or determination from a Governmental Entity with respect to Taxes; (v) surrender any right to claim a Tax abatement, reduction, deduction, exemption, credit or refund, or (vi) consent to the extension of waiver of the limitation period applicable to any Tax matter;

(v) purchase, lease or otherwise acquire the right to own, use or lease any property or assets for an amount in excess of USD$10,000, individually (in the case of a lease, per annum), or USD$50,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the Ordinary Course;

(w) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;

(x) make any bonus or profit sharing distribution or similar payment of any kind except as may be required by the terms of a Contract listed in Section 4.1(2)(x) of the Company Disclosure Letter;

(y) except as disclosed in the Company Disclosure Letter or required by Law: (i) increase any compensation, bonus levels, benefits, severance, change of control, termination or other pay or benefits payable (or improvements to notice or pay in lieu of notice) to (or amend any existing arrangement with) any current or former Company Employee or any current or former director or 5% or greater shareholder of the Company or any of its Subsidiaries; (ii) increase the benefits payable under any existing severance or termination pay policies with any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries; (iii) increase the benefits payable under any employment agreements with any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries; (iv) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries; (v) adopt any new Employee Plan or any amendment or modification of an existing Employee Plan; (vi) increase or agree to increase, any funding obligation or accelerate, or agree to accelerate, the timing of any funding contribution under any Employee Plan; (vii) grant any equity, equity-based or similar awards; or (viii) reduce the Company's or its Subsidiaries work force except in the Ordinary Course;

(z) enter into any agreement or arrangement that limits or otherwise restricts the Company, any of its Subsidiaries, any of their respective affiliates or any of their respective successors, or that would, after the Effective Time, limit or restrict the Company, any of its Subsidiaries, any of their respective affiliates or any of their respective successors from engaging in any line of business or carrying on business in any geographic area or the scope of Persons to whom any such Persons may sell products or services or acquire products or services from;

(aa) enter into or amend any Contract with any broker, finder or investment banker including any amendment of any of the Contracts listed in Section 4.1(2)(aa) of the Company Disclosure Letter;

(bb) cancel, waive, release, assign, settle or compromise any material claims or rights of the Company or its Subsidiaries;

(cc) compromise or settle any litigation, proceeding or governmental investigation relating to the assets or the business of the Company or its Subsidiaries in excess of an aggregate amount of USD$25,000, other than as set forth in Section 4.1(2)(cc) of the Company Disclosure Letter;

(dd) amend or modify, or terminate or waive any right under, any Material Contract or enter into any contract or agreement that would be a Material Contract if in effect on the date hereof;

(ee) take any action or fail to take any action which action or failure to act could result in the loss, expiration or surrender of, or the loss of any material benefit under, or could reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any Authorizations necessary to conduct its businesses as now conducted or as proposed to be conducted, or fail to prosecute with commercially reasonable diligence any pending applications to any Governmental Entities for any Authorizations;

(ff) enter into, amend or modify any union recognition agreement, Collective Agreement or similar agreement with any trade union or representative body;

(gg) except as contemplated in Section 4.9 *[Insurance and Indemnification]* amend, modify or terminate any material insurance policy of the Company or any Subsidiary in effect on the date of this Agreement;

(hh) enter into any Contract with a Person that does not deal at arms' length with the Company and its Subsidiaries or with any director or officer of the Company or any Person that owns more than 5% of the outstanding Company Common Shares (or with any of such Persons' respective associates or affiliates);

(ii) materially change its business or regulatory strategy;

(jj) knowingly take any action or permit inaction or enter into any transaction that could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost ''bump'' pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act in respect of the securities of any affiliates or Subsidiaries and other non-depreciable capital property owned by the Company or any of its Subsidiaries on the date hereof, upon an amalgamation or winding-up of the Company or any of its Subsidiaries (or any of their respective successors);

(kk) incur any indebtedness or other amounts payable between or among the Company and/or its Subsidiaries;

(ll) enter into any Contracts with another Person to purchase a majority interest in or substantially all of the assets of another entity (or to acquire an option to purchase a majority interest in or substantially all of the assets of another entity); or

(mm) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing or authorize, or take or agree to take (or fail to take) any action with respect to the foregoing.

Section 4.2 Conduct of Business of the Purchaser

The Purchaser covenants and agrees that, during the Interim Period, the Purchaser shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, properties, employees, goodwill and business relationships with customers, suppliers, partners and other Persons with which the Purchaser or any of its Subsidiaries has material business relations, and it shall not, directly or indirectly:

(a) split, combine, reclassify or amend the terms of the Purchaser Shares;

(b) amend its Constating Documents in any manner that would have a material and adverse impact on the value of the Purchaser Shares;

(c) declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any shares of the Purchaser;

(d) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Purchaser or file a petition in bankruptcy under any provisions of federal, state or provincial bankruptcy or similar Law or consent to the filing of any bankruptcy petition against it under any bankruptcy or similar Law; or

(e) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing or authorize, or take or agree to any action with respect to the foregoing prior to the Effective Date.

Section 4.3 Covenants Regarding the Arrangement

(1) Subject to Section 4.4, each of the Company and the Purchaser shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do or cause to be done all things required or advisable under Law to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement, including:

(a) using commercially reasonable efforts to satisfy, or cause the satisfaction of, all conditions precedent in this Agreement within its control and take all steps set forth in the Interim Order and Final Order applicable to it and comply promptly with all requirements imposed by Law on it or its Subsidiaries with respect to this Agreement or the Arrangement;

(b) the Company using commercially reasonable efforts to obtain, maintain or provide, as applicable, as soon as practicable following execution of this Agreement, all third party or other consents, waivers, notices, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (i) necessary to be obtained or provided under the Material Contracts or under the Authorizations and leases of the Company and its Subsidiaries in connection with the Arrangement or this Agreement, (ii) required in order to maintain the Material Contracts and Authorizations and leases of the Company and its Subsidiaries in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to the Purchaser, or (iii) that are required in the reasonable opinion of the Purchaser to minimize applicable Taxes;

(c) using commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from it related to the Arrangement or the transactions contemplated by this Agreement;

(d) using commercially reasonable efforts, in consultation with the other Party, to oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or delay or otherwise adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;

(e) using commercially reasonable efforts, in consultation with the other Party, if required, to prepare and file a Notification and Report Form pursuant to the HSR Act with respect to the Arrangement and the other transactions contemplated by this Agreement as promptly as practicable, and in any event, if required, within twenty five (25) business days after the execution of this Agreement (unless a later date is mutually agreed between the Parties), and to supply as promptly as reasonably practicable and advisable any additional information and documentary materials that may be requested pursuant to the HSR Act and to take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as reasonably practicable; and

(f) not taking any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Arrangement or the transactions contemplated by this Agreement.

(2) The Purchaser shall use its commercially reasonable efforts to obtain and maintain in force the listing of the Purchaser Shares on the CSE.

(3) The Company shall promptly notify the Purchaser in writing of:

(a) any Company Material Adverse Effect;

(b) any notice or other communication from any Person (including any Governmental Entity) alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is required in connection with this Agreement or the Arrangement;

(c) any notice or other communication from any Person to the effect that such Person is terminating, may terminate or otherwise is or may be materially adversely modifying a material business relationship with the Company or any of its Subsidiaries as a result of this Agreement or the Arrangement;

(d) any notice or other communication from any Governmental Entity in connection with this Agreement, the Arrangement, any Authorization or Regulatory Approval (and the Company shall contemporaneously provide a copy of any such written notice or communication to the Purchaser); and

(e) any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company, any of its Subsidiaries or the Company Assets.

(4) The Company will, in all material respects, conduct itself so as to keep the Purchaser fully informed as to the material decisions required to be made or material actions required to be taken with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of confidentiality obligation owed to a third party for which a waiver could not be obtained.

(5) The Purchaser shall promptly notify the Company in writing of:

(a) any Purchaser Material Adverse Effect;

(b) any notice or other communication from any Person (including any Governmental Entity) alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is required in connection with this Agreement or the Arrangement;

(c) any notice or other communication from any Governmental Entity in connection with this Agreement or the Arrangement (and the Purchaser shall contemporaneously provide a copy of any such written notice or communication to the Company); and

(d) any filings, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affect the Purchaser in relation to this Agreement or the Arrangement.

(6) The Company shall assist in effecting the resignations of each member of the Board, each member of the board of directors of each of the Company's Subsidiaries and its other investments and its officers and the officers of each such Persons (in each case, other than Key Employees as employees provided such individuals enter into employment agreements set out in Section 4.11 as of the Effective Time), in each case to the extent requested by the Purchaser and as at the Effective Time and causing any such Persons to be replaced by Persons identified by the Purchaser as of the Effective Time. Such resignations shall be received in consideration for the Company providing releases to, and receiving releases from, each such Person (the "**Mutual Releases**"), which Mutual Releases shall be in a form mutually acceptable to the Purchaser and the Company, each acting reasonably, and contain exceptions for amounts or obligations owing to such Persons including bonus, severance and change of control payments, other payments due pursuant to the Arrangement as a Company Securityholder, benefits and other compensation or pursuant to directors' and officer's indemnities or insurance arrangements, in each case as disclosed in Section 21(f) of the Company Disclosure Letter.

Section 4.4 Regulatory Approvals and Required Regulatory Approvals

(1) As promptly as possible following execution of this Agreement, the Company will submit all information required by the City of Coalinga, if any, and the California Department of Cannabis Control, including but not limited to Licensee Notification and Request Form DCC-LIC-027 and any other notices required pursuant to Cal. Code Regs. tit. 4, § 15023, with respect to the California Licenses. The Parties will cooperate with one another to submit such information. Prior to making any submissions to the City of Coalinga, if any, and the California Department of Cannabis Control, the Company will obtain the Purchaser's approval of the information being submitted to such parties.

(2) In addition to the notification required by Section 4.4(1), if after the date of this Agreement, either Party shall identify any Regulatory Approval and/or Company Authorizations deemed by it, acting reasonably, to be necessary for it or the Company to discharge its obligations under this Agreement and/or applicable Laws and Authorizations required in connection with the business and ownership of the Company and its Subsidiaries (collectively, the "**Required Regulatory Approvals**"), each Party shall, as promptly as possible, make all notifications, filings, applications and submissions with Governmental Entities required or advisable in connection with any such Required Regulatory Approvals and shall obtain and maintain any such Required Regulatory Approvals.

(3) The Parties shall cooperate with one another in connection with obtaining any Regulatory Approvals including by providing or submitting, as promptly as possible, all documentation and information that is required, or in the opinion of the Purchaser, advisable, in connection with obtaining any Regulatory Approvals and using their commercially reasonable efforts to ensure that such information does not contain a Misrepresentation.

(4) The Parties shall cooperate with and keep one another fully informed as to the status of and the processes and proceedings relating to obtaining any Regulatory Approvals, and shall promptly notify each other of any communication from any Governmental Entity in respect of the Arrangement or this Agreement, and shall not make any submissions or filings, participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it consults with the other Party in advance and, to the extent not precluded by such Governmental Entity, gives the other Party the opportunity to review drafts of any submissions or filings, and attend and participate in any communications or meetings. Despite the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other Party to address reasonable attorney-client or other privilege or confidentiality concerns, provided that a Party must provide external legal counsel to the other Party non-redacted versions of drafts and final submissions, filings or other written communications with any Governmental Entity on the basis that the redacted information will not be shared with its clients.

(5) Each Party shall promptly notify the other Party if it becomes aware that any (i) application, filing, document or other submission for a Regulatory Approval contains a Misrepresentation, or (ii) any Regulatory Approval contains, reflects or was obtained following the submission of any application, filing, document or other submission containing a Misrepresentation, such that an amendment or supplement may be necessary or advisable. In such case, the Company shall, in consultation with and subject to the prior approval of the Purchaser, co-operate in the preparation, filing and dissemination, as applicable, of any such amendment or supplement.

(6) The Parties shall request that any Regulatory Approval be processed by the applicable Governmental Entity on an expedited basis and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of the Regulatory Approval.

(7) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law, the Parties shall use their commercially reasonable efforts consistent with the terms of this Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

Section 4.5 Access to Information; Confidentiality

(1) During the Interim Period, the Company shall give the Purchaser and its representatives:

(a) upon reasonable notice, reasonable access during normal business hours to its and its Subsidiaries' (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise), (iii) Contracts, Company Leases and Authorizations, and (iv) senior personnel, so long as the access does not unduly interfere with the Ordinary Course conduct of the business of the Company; and (b) such financial and operating data or other information with respect to the assets or business of the Company and its Subsidiaries as the Purchaser from time to time reasonably requests, subject to confidentiality restrictions. The Company shall continue to afford the Purchaser and its representatives access to the Company Data Room. Without limiting the foregoing, and subject to the terms of any existing Contracts: (i) the Company shall, upon the Purchaser's request, facilitate discussions between the Purchaser and any third party from whom consent may be required or with whom the Company or any of its Subsidiaries does business; and (ii) the Purchaser and its representatives shall, upon reasonable prior notice, have the right to conduct inspections of each of the Company's and its Subsidiaries' properties.

(2) Investigations made by or on behalf of the Purchaser, whether under this Section 4.5 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the Company in this Agreement.

(3) The Purchaser acknowledges that the Confidentiality Agreement continues to apply and that any information provided under Section 4.5(1) above that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

Section 4.6 Pre-Acquisition Reorganization

(1) The Company agrees that, upon request of the Purchaser, the Company shall use commercially reasonable efforts to (i) perform such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions as the Purchaser may request, acting reasonably (each a "**Pre-Acquisition Reorganization**"), which Pre-Acquisition Reorganizations may subject to Regulatory Approval, and the Plan of Arrangement, if required, shall be modified accordingly, (ii) cooperate with the Purchaser and its advisors to determine the nature of any Pre-Acquisition Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken, and (iii) cooperate with the Purchaser and its advisors, including the provision of information and the execution and filing of certificates and forms as reasonably requested by Purchaser to reduce or eliminate Taxes including, without limitation, withholding Taxes resulting from the Pre-Acquisition Reorganization or the Arrangement.

(2) Without limiting the generality of the foregoing, the Company acknowledges that the Purchaser may enter into transactions designed to step up the tax basis in certain non-depreciable capital property of the Company and/or its Subsidiaries for purposes of the Tax Act and agrees to use commercially reasonable efforts to provide information reasonably requested and required by the Purchaser and available to the Company in this regard on a timely basis and to assist in the obtaining of any such information.

(3) The Company will not be obligated to perform any Pre-Acquisition Reorganization under Section 4.6(2) unless such Pre-Acquisition Reorganization:

(a) is not, the opinion of the Company or Company counsel, acting reasonably, prejudicial to the Company or the Company Securityholders (as a whole) in any respect (having regard to the indemnities provided herein);

(b) does not require the approval of any of the Company Securityholders;

(c) subject to any indemnities in Section 4.6(7), does not adversely affect or impact the Tax consequences to the Company, any Subsidiary of the Company, the Company Shareholders or the Company Optionholders (including, for greater certainty, any increase in Tax payable by any of them or the reduction or decrease in any Tax credit or refund otherwise available to the Company or any Subsidiary of the Company) in connection with consummation of the Arrangement or otherwise result in any negative Tax consequences being imposed directly on any Company Shareholder or Company Optionholder;

(d) would not reasonably be expected to impede or delay the completion of the Arrangement in any material respect, including in connection with obtaining any necessary Regulatory Approval; and

(e) does not require the Company or any of its Subsidiaries to contravene any Laws, their Constating Documents, any Contract (in any material respect) or any Authorization.

(4) The Purchaser must provide written notice to the Company of any proposed Pre- Acquisition Reorganization at least 20 Business Days prior to the Effective Date. Upon receipt of such notice, the Company and the Purchaser shall work cooperatively and use commercially reasonable efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization, including any amendment to this Agreement or the Plan of Arrangement, provided that any Pre-Acquisition Reorganization: (i) is effected as closely as is reasonably practicable prior to the Effective Time; (ii) would not unreasonably interfere with the ongoing operations of the Company or any of its Subsidiaries; (iii) does not require the directors, officers, employees or agents of the Company or its Subsidiaries to take any action in any capacity other than as a director, officer, employee or agent; (iv) would not require any additional Regulatory Approval; (v) would not require any third party consent not otherwise required to close the Arrangement unless the failure to receive such third party consent would not reasonably be expected to result in a Company Material Adverse Effect; and (v) shall not become effective unless the Purchaser has irrevocably waived or confirmed in writing the satisfaction of all conditions in its favour under this Agreement and shall have irrevocably confirmed in writing that it is prepared, and able to promptly and without condition (other than compliance with this Section 4.6) immediately proceed to effect the Arrangement.

(5) The Purchaser agrees that it will be responsible for all costs and expenses (including reasonable professional fees and expenses) associated with any Pre-Acquisition Reorganization to be carried out at its request and that any Pre-Acquisition Reorganization will not be considered in determining whether a representation, warranty or covenant of the Company under this Agreement has been breached (including where any such Pre-Acquisition Reorganization requires the consent of any third party under a Contract) or if a condition for the benefit of the Purchaser has been satisfied.

(6) The Purchaser shall indemnify the Company and its Subsidiaries and their respective directors, officers, employees, agents and Representatives for all direct and indirect costs or losses, liabilities, damages, claims, costs, expenses, interest awards, judgments and penalties, Taxes, out of-pocket costs and expenses, including out-of- pocket legal fees and disbursements, suffered or incurred in connection with or as a result of any Pre-Acquisition Reorganization or the unwinding or reversal of any Pre-Acquisition Reorganization.

Section 4.7 Public Communications

(1) The Company and the Purchaser shall agree on the text of joint press releases by which the Company and the Purchaser will announce (i) the execution of this Agreement and (ii) the completion of the Arrangement. The Parties shall co-operate in the preparation of presentations, if any, to Company Shareholders regarding the Arrangement. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed), and the Company must not make any filing with any Governmental Entity (except as contemplated by this Article 4) with respect to this Agreement or the Arrangement without the consent of the Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Law shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing. For the avoidance of doubt, none of the foregoing shall prevent the Company or the Purchaser from making (i) internal announcements to employees and having discussions with shareholders, financial analysts and other stakeholders, or (ii) public announcements in the Ordinary Course that do not relate to this Agreement or the Arrangement so long as, in each case, such announcements and discussions are consistent in all material respects with the most recent press releases, public disclosures or public statements made by the Parties.

(2) Without limiting the generality of the foregoing and for greater certainty, each Party acknowledges and agrees that the other Party shall file, in accordance with Securities Laws, this Agreement, together with a material change report related thereto, under such Party’s profile on SEDAR.

Section 4.8 Notice and Cure Provisions

(1) Each Party shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(a) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time; or

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.

(2) Notification provided under this Section 4.8 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

(3) The Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(d)(i) or Section 7.2(1)(d)(iv) and the Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.2(1)(c)(i) or Section 7.2(1)(c)(iii), unless the Party seeking to terminate the Agreement (the "**Terminating Party**") has delivered a written notice ("**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, or incorrect representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (with any intentional breach being deemed to be incurable), the Terminating Party may not exercise such termination right until the earlier of (a) the Outside Date, and (b) if such matter has not been cured by the date that is 15 Business Days following receipt of such Termination Notice by the Breaching Party, such date. If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting, unless the Parties agree otherwise, the Company shall postpone or adjourn the Company Meeting to the earlier of (a) 10 Business Days prior to the Outside Date and (b) the date that is 10 Business Days following receipt of such Termination Notice by the Breaching Party.

Section 4.9 Insurance and Indemnification

(1) Subject to and conditional on receipt by the Purchaser of the Indemnity Agreement Amendment from each of the Company's directors and officers on or before the Effective Time, the Purchaser shall, from and after the Effective Time, otherwise cause the Company (or any successor) to honour all other rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its Subsidiaries to the extent that they are contained in the Constating Documents of the Company, are provided for under Law or disclosed in the Company Disclosure Letter, and acknowledges that such rights, to the extent that they are contained in the Constating Documents of the Company, are provided for under Law or disclosed in the Company Disclosure Letter, subject to the Indemnity Agreement Amendment shall otherwise survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms for a period of not less than six (6) years from the Effective Date.

Section 4.10 CSE Delisting

Subject to Laws, the Purchaser and the Company shall use their commercially reasonable efforts to cause the Company Common Shares to be de-listed from the CSE with effect promptly following the acquisition by the Purchaser of the Company Common Shares pursuant to the Arrangement.

Section 4.11 Senior Management

(1) Contemporaneously with the Effective Time, the Company's Key Employees will agree to enter into employment agreements with the Purchaser (or amended their existing employment agreements) on the Effective Date on terms and conditions acceptable to the Purchaser and the Company, acting reasonably, to supersede and replace their existing employment agreements.

Section 4.12 Director and Officer Indemnity Agreement Amendment

(1) Contemporaneously with the Effective Time, the Company's directors and officers will each agree to amend or waive in writing (each, an "**Indemnity Agreement Amendment**") the requirement in each of their current director and officer indemnity agreements (collectively, the "**Indemnity Agreements**") that the Company establish, maintain and control an indemnity account for its directors and officers to satisfy amounts payable to its directors and officers under their indemnity agreements (the "**Indemnity Account**"), in order to eliminate such obligation of the Company and the Purchaser as of and after the Effective Time (the "**Indemnity Account Waiver**"). Subject to the Indemnity Account Waiver, all other terms and conditions of the Indemnity Agreements shall remain unchanged and in full force and effect.

ARTICLE 5
ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 5.1 Non-Solicitation

(1) Except as expressly provided in this Article 5, the Company and its Subsidiaries shall not, directly or indirectly, through any affiliate, officer, director, employee, consultant, representative (including any financial or other adviser) or agent of the Company or of any of its Subsidiaries (collectively "**Representatives**"), or otherwise, and shall not permit any such Person to:

(a) solicit, assist, initiate, encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information of the Company or any of its Subsidiaries or access to any properties, facilities, books or records of the Company or any of its Subsidiaries), any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to, an Acquisition Proposal;

(b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Purchaser) regarding any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to, an Acquisition Proposal, it being acknowledged and agreed that the Company may (i) communicate with any Person for the purposes of advising them of the restrictions imposed by this Article 5, (ii) communicate with any Person for the purposes of clarifying the terms of any inquiry, proposal or offer made by such Person or (iii) advise such Person that their proposal does not constitute a Superior Proposal and is not reasonably expected to constitute or lead to a Superior Proposal; or

(c) make a Change in Recommendation.

(2) The Company shall, and shall cause its Subsidiaries and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities with any Person (other than the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or could reasonably be expected to constitute or lead to, an Acquisition Proposal, and, without limiting the generality of the foregoing, the Company shall:

(a) immediately discontinue access to and disclosure of all information, including access to any data room and any confidential information, properties, facilities, books and records of the Company or any Subsidiary; and

(b) within two Business Days of the date hereof, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company or any of its Subsidiaries provided to any Person other than the Purchaser or its representatives; and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any of its Subsidiaries, to the extent that such information has not previously been returned or destroyed, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

(3) The Company represents and warrants that neither the Company, its Subsidiaries nor any of their respective Representatives has waived any confidentiality, standstill or similar agreement or restriction to which the Company or any of its Subsidiaries is a party, and covenants and agrees that (i) the Company shall take all necessary action to enforce each confidentiality, standstill, use, business purpose or similar agreement or restriction to which the Company or any of its Subsidiaries is a party, and (ii) neither the Company, any of its Subsidiaries nor any of their respective Representatives will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Company, or any of its Subsidiaries, under any confidentiality, standstill, use, business purpose or similar agreement or restriction to which the Company or any of its Subsidiaries is a party, it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement or restriction as a result of entering into and announcement of this Agreement by the Company pursuant to the express terms of any such agreement or restriction shall not be a violation of this Section 5.1, and that the Company shall not be prohibited from considering a Superior Proposal from a party whose obligations so terminated automatically upon the entering into and announcement of this Agreement.

Section 5.2 Notification of Acquisition Proposals

(1) If after the date of this Agreement, the Company or any of its Subsidiaries or any of their respective Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company or any of its Subsidiaries, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Company or any of its Subsidiaries, the Company shall promptly notify the Purchaser, at first orally, and then, and in any event within 24 hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and shall provide the Purchaser with a copy of any written Acquisition Proposal and such other details of such Acquisition Proposal, inquiry, proposal, offer or request as the Purchaser may reasonably request.

(2) The Company shall keep the Purchaser fully informed on a current basis of the status of developments and (to the extent permitted by Section 5.3) negotiations with respect to any Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and such other details of any such Acquisition Proposal, inquiry, proposal, offer or request as the Purchaser may reasonably request.

Section 5.3 Responding to an Acquisition Proposal

(1) Notwithstanding Section 5.1, if at any time, prior to obtaining the Required Approval, the Company receives a written Acquisition Proposal, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of the Company or its Subsidiaries to such Person, if and only if:

(a) the Board first determines in good faith, after consultation with its financial advisors and its outside counsel, that such Acquisition Proposal constitutes or could reasonably be expected to constitute a Superior Proposal;

(b) such Person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with the Company or its Subsidiaries;

(c) the Company has been, and continues to be, in compliance with its obligations under Section 5.1 and Section 5.2;

(d) the Company enters into a confidentiality and standstill agreement with such Person containing terms that are no less favourable for the Company than the Confidentiality Agreement; and

(e) the Company promptly provides the Purchaser with:

(i) prior written notice stating the Company's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure;

(ii) prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(1)(d); and

(iii) any non-public information concerning the Company and its Subsidiaries provided to such other Person which was not previously provided to the Purchaser.

Section 5.4 Right to Match

(1) If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to obtaining the Required Approval, the Board may, subject to compliance with Section 7.2 and Section 8.2, enter into a definitive written agreement with respect to such Superior Proposal, if and only if:

(a) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill use, business purpose or similar restriction;

(b) the Company has been, and continues to be, in compliance with its obligations under this Article 5;

(c) the Company has delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement with respect to such Superior Proposal, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**");

(d) the Company has provided the Purchaser a copy of the proposed definitive agreement with respect to the Superior Proposal;

(e) at least five Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and a copy of the proposed definitive agreement with respect to the Superior Proposal from the Company;

(f) during any Matching Period, the Purchaser has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

(g) after the Matching Period, the Board has determined in good faith (i) after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (and, if applicable, compared to the terms of this Agreement and the Arrangement as proposed to be amended by the Purchaser under Section 5.4(2)) and (ii) after consultation with its outside legal counsel, that the failure for the Board to enter into such definitive agreement with respect to such Superior Proposal would be inconsistent with the Board's fiduciary duties to the Company; and

(h) the Company concurrently terminates this Agreement pursuant to Section 7.2(1)(c)(ii) and prior to or concurrently with such termination pays the Company Termination Fee pursuant to Section 8.2.

(2) During the Matching Period, or such longer period as the Company may approve for such purpose: (a) the Board shall review any offer made by the Purchaser under Section 5.4(1)(f) to amend the terms of this Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) the Company shall, and shall cause its Representatives to, negotiate in good faith with the Purchaser to make such amendments to the terms of this Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by this Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser, and the Company and the Purchaser shall amend this Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

(3) Each successive amendment or modification to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Company Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and the Purchaser shall be afforded a new five Business Day Matching Period from the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received a copy of the proposed definitive agreement for the new Superior Proposal from the Company.

(4) The Board shall promptly reaffirm the Board Recommendation by press release after any Acquisition Proposal which is determined to not be a Superior Proposal is publicly announced or the Board determines that a proposed amendment to the terms of this Agreement and the Arrangement as contemplated under Section 5.4(2) would result in an Acquisition Proposal no longer being a Superior Proposal. The Company shall provide the Purchaser and its counsel with a reasonable opportunity to review and comment on the form and content of any such press release and shall make all reasonable amendments to such press release as requested by the Purchaser and its counsel.

(5) If the Company provides a Superior Proposal Notice to the Purchaser after a date that is less than 10 Business Days before the Company Meeting, the Company shall either proceed with or shall postpone or adjourn the Company Meeting, as directed by the Purchaser, to a date that is not more than 10 Business Days after the scheduled date of the Company Meeting, but in any event to a date that is not less than five Business Days prior to the Outside Date.

(6) Nothing contained in this Section 5.4 shall limit in any way the obligation of the Company to convene and hold the Company Meeting in accordance with Section 2.3 of this Agreement while this Agreement remains in force.

(7) Nothing contained in this Article 5 shall prevent the Board from complying with Section 2.17 of National Instrument 62-104 - *Takeover Bids and Issuer Bids* and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal that it determines is not a Superior Proposal, provided however, for greater certainty, the Board is not permitted to shorten the deposit period unilaterally with respect to any Acquisition Proposal which is a takeover bid.

Section 5.5 Breach by Subsidiaries and Representatives

Without limiting the generality of the foregoing, the Company shall advise its Subsidiaries and its and their respective Representatives of the restrictions and obligations set out in this Article 5 and any violation of the restrictions and obligations set forth in this Article 5 by the Company, its Subsidiaries or its or their respective Representatives shall be deemed to be a breach of this Article 5 by the Company.

ARTICLE 6
CONDITIONS

Section 6.1 Mutual Conditions Precedent

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Date, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(1) **Arrangement Resolution.** The Arrangement Resolution has been approved and adopted by the Company Securityholders at the Company Meeting in accordance with the Interim Order.

(2) **Interim and Final Order.** The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.

(3) **Illegality.** Other than Federal Cannabis Laws, no Law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement.

(4) **Approvals**. All Regulatory Approvals and all other third party consents, waivers, permits, orders and approvals that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement and the failure of which to obtain, individually or in the aggregate, would be reasonably expected to have a Company Material Adverse Effect or a Purchaser Material Adverse Effect shall have been given, received or obtained on terms acceptable to the Purchaser, acting reasonably, and each such Regulatory Approval, consent, waiver, permit, order or approval is validly subsisting and in full force and effect and has not been modified.

(5) **HSR Act.** The filings of the Purchaser and the Company under the HSR Act, if required under applicable Law, shall have been made, the applicable waiting period and any extensions thereof shall have expired or been terminated, and any required authorizations under the HSR Act shall have been received, as applicable.

Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Date, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

(1) **Representations and Warranties**. The representations and warranties of the Company set forth in Paragraph (1) [*Organization and Qualification*], Paragraph (2) [*Authority; Approval*], Paragraph (8) [*Capitalization*], Paragraph (9) [*Subsidiaries*] and Paragraph (10) [*Brokers*] of Schedule C were true and correct as of the date of this Agreement and are true and correct as of the Effective Time other than for *de minimis* inaccuracies, and all other representations and warranties of the Company set forth in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Effective Time (and, for this purpose, any reference to "material", "Company Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be disregarded) except to the extent that the failure or failures of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Company Material Adverse Effect, and in each case, except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and the Company has delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(2) **Performance of Covenants**. The Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and the Company has delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(3) **No Legal Action.** There is no action or proceeding (whether, for greater certainty, by a Governmental Entity or any other Person, other than the Purchaser or any of its Subsidiaries) pending or threatened in any jurisdiction to:

(a) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on the Purchaser's ability to acquire, hold, or exercise full rights of ownership over any Company Common Shares, including the right to vote the Company Common Shares;

(b) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser or any of its Subsidiaries of a material portion of the business or assets of the Purchaser and its Subsidiaries or of the Company and its Subsidiaries, or compel the Purchaser or its Subsidiaries to dispose of or hold separate any material portion of the business or assets of the Purchaser and its Subsidiaries or of the Company and its Subsidiaries as a result of the Arrangement or the transactions contemplated by this Agreement; or

(c) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Company Material Adverse Effect or a Purchaser Material Adverse Effect.

(4) **Dissent Rights.** Dissent Rights have not been exercised with respect to more than five percent of the issued and outstanding Company Common Shares.

(5) **Company Material Adverse Effect**. Since the date of this Agreement, there shall not have occurred and be continuing a Company Material Adverse Effect.

(6) **Voting and Support Agreements** . None of the Voting and Support Agreements shall have been terminated and none of the Supporting Shareholders shall have breached the terms of its or their respective Voting and Support Agreement in any material respect.

(7) **FIRPTA Certificate**. Purchaser shall have received from Crossgate Capital U.S. Holdings, Inc. a Nevada corporation ("**CC**"), a certificate and notice, dated as of the Effective Date, that complies with Sections 897 and 1445 of the Code and the U.S. Treasury Regulations promulgated thereunder, certifying that an interest in CC is not a "United States real property interest" within the meaning of and in accordance with Sections 897 and 1445 of the Code and the U.S. Treasury Regulations promulgated thereunder, including that CC is not and has not been a "United States real property holding corporation" (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(8) **Key Employees.** The Key Employees shall have entered into employment agreements or shall have amended their existing employment agreements in form and substance satisfactory to the Purchaser, acting reasonably, consistent with the Purchaser's employment practices, policies and compensation packages for employees with similar duties and responsibilities prior to the date of this Agreement.

(9) **Required Regulatory Approvals.** Each of the Required Regulatory Approvals has been obtained, made or given on terms acceptable to the Purchaser, acting reasonably, and each such Required Regulatory Approval is in force and has not been modified or rescinded.

(10) **Regulatory Opinion.** Delivery of a State of California state and local regulatory legal opinion in respect of the required Company Authorizations addressed to the Purchaser, in form and substance satisfactory to the Purchaser, acting reasonably, dated on or before the Effective Date, from counsel in the State of California, which counsel in turn may rely, as to matters of fact, on certificates of public officials and officers of the Company, as appropriate.

(11) **Indemnity Agreement Amendment.** Each of the Company's directors and officers shall have entered into and delivered to the Purchaser the Indemnity Agreement Amendment in form and substance satisfactory to the Purchaser, acting reasonably.

Section 6.3 Additional Conditions Precedent to the Obligations of the Company

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Date, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

(1) **Representations and Warranties**. The representations and warranties of the Purchaser set forth in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Effective Time (having regard to the adjustment contained in Section 2.12) (and, for this purpose, any reference to "material", "Purchaser Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be disregarded), except to the extent that the failure or failures of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Purchaser Material Adverse Effect, and except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and the Purchaser has delivered a certificate confirming same to the Company, executed by two senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

(2) **Performance of Covenants.** The Purchaser has fulfilled or complied in all material respects with each of the covenants of the Purchaser contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to the Company, executed by two senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

(3) **Purchaser Material Adverse Effect**. Since the date of this Agreement, there shall not have occurred and be continuing a Purchaser Material Adverse Effect.

(4) **Deposit of Consideration.** Subject to obtaining the Final Order and the satisfaction or waiver of the other conditions precedent contained herein in its favour (excluding conditions, that by their terms, being those in Sections Section 6.1(3), Section 6.2(1), Section 6.2(2), Section 6.2(3), Section 6.2(5) and Section 6.2(6), cannot be satisfied until the Effective Date), the Purchaser has deposited or caused to be deposited with the Depositary in escrow, the aggregate Consideration to be paid pursuant to the Arrangement.

Section 6.4 Satisfaction of Conditions

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released at the Effective Time.

ARTICLE 7
TERM AND TERMINATION

Section 7.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Date and the termination of this Agreement in accordance with its terms.

Section 7.2 Termination

(1) This Agreement may be terminated prior to the Effective Time by:

(a) the mutual written agreement of the Parties; or

(b) either the Company or the Purchaser if:

(i) the Required Approval is not obtained at the Company Meeting in accordance with the Interim Order, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(i) if the failure to obtain the Required Approval has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement; or

(ii) after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to terminate this Agreement pursuant to this Section 7.2(1)(b)(ii) has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or

(iii) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.2(1)(b)(iii) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement; or

(c) the Company if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that would cause any condition in Section 6.3(1) *[Purchaser Representations and Warranties Condition]* or Section 6.3(2) *[Purchaser Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.8(3); provided that the Company is not then in breach of this Agreement so as to cause any condition in Section 6.2(1) *[Company Representations and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied; or

(ii) prior to obtaining the Required Approval, the Board authorizes the Company to enter into a definitive written agreement (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3) with respect to a Superior Proposal in accordance with Section 5.4 and that prior to or concurrent with such termination the Company pays the Company Termination Fee in accordance with Section 8.2; or

(iii) since the date of this Agreement, a Purchaser Material Adverse Effect has occurred and is continuing; or

(d) the Purchaser if:

(i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.2(1) *[Company Representations and Warranties Condition]* or Section 6.2(2) *[Company Covenants Condition]* not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 4.8(3); provided that the Purchaser is not then in breach of this Agreement so as to cause any condition in Section 6.3(1) *[Purchaser Representations and Warranties Condition]* or Section 6.3(2) *[Purchaser Covenants Condition]* not to be satisfied; or

(ii) (A) the Board or any committee of the Board fails to recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify, in a manner adverse to the Purchaser, the Board Recommendation, (B) the Board or any committee of the Board accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend, an Acquisition Proposal, (C) the Board or any committee of the Board takes no position or remains neutral in respect of a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Company Meeting, if sooner) after the formal announcement or public disclosure thereof, (D) the Board or any committee of the Board executes or enters into or authorizes the Company or any of its Subsidiaries to execute or enter into, or publicly proposes to execute or enter into or to authorize the Company or any of its Subsidiaries to execute or enter into, any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3), (E) the Board or any committee of the Board fails to publicly reaffirm the Board Recommendation (without qualification) within five Business Days after having been requested in writing by the Purchaser, acting reasonably, to do so (collectively, a "**Change in Recommendation**"), or (F) the Company breaches Article 5 in any material respect; or

(iii) any event occurs as a result of which the condition set forth in Section 6.2(4) *[Dissent Rights Condition]* is not capable of being satisfied by the Outside Date; or

(iv) since the date of this Agreement, a Company Material Adverse Effect has occurred and is continuing.

(2) The Party desiring to terminate this Agreement pursuant to this Section 7.2 (other than pursuant to Section 7.2(1)(a)) shall give written notice of such termination to the other Party, specifying in reasonable detail the basis for such Party's exercise of its termination right.

Section 7.3 Effect of Termination/Survival

If this Agreement is terminated pursuant to Section 7.1 or Section 7.2, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that: (a) in the event of termination under Section 7.1 as a result of the Effective Time occurring, this Section 7.3 and Section 4.9 shall survive for a period of six (6) years following such termination; and (b) in the event of termination under Section 7.2, this Section 7.3 and Section 8.2 through to and including Section 8.15 shall survive, and provided further that no Party shall be relieved of any liability for any material breach of any of its representations and warranties contained herein, any material breach by it of this Agreement or fraud.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Amendments

(1) This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of Company Securityholders, and any such amendment may, subject to the Interim Order, the Final Order and Laws, without limitation:

(a) change the time for performance of any of the obligations or acts of either or both of the Parties;

(b) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(c) modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of either or both of the Parties; and/or

(d) modify any mutual conditions contained in this Agreement.

Section 8.2 Termination Fees

(1) Despite any other provision in this Agreement relating to the payment of fees and expenses, including the payment of brokerage fees, if a Company Termination Fee Event occurs, the Company shall pay the Purchaser the Company Termination Fee in accordance with Section 8.2(3) and if a Purchaser Termination Fee Event Occurs, the Purchaser shall pay the Company the Purchaser Termination Fee in accordance with Section 8.2(4).

(2) For the purposes of this Agreement, "**Company Termination Fee**" means USD$3,250,000 and "**Company Termination Fee Event**" means the termination of this Agreement:

(a) by the Purchaser, pursuant to Section 7.2(1)(d)(ii) [*Change in Recommendation or Breach of Article 5*] except where a Purchaser Material Adverse Effect has occurred and the Company Board, acting in good faith, determined that it would be inconsistent with its fiduciary obligations to continue to recommend that Company Securityholders vote in favour of the Arrangement having regard to the collar provisions in the Exchange Ratio;

(b) pursuant to any subsection of Section 7.2 if at such time the Purchaser is entitled to terminate this Agreement pursuant to Section 7.2(1)(d)(ii) [*Change in Recommendation or Breach of Article 5*];

(c) by the Company, pursuant to Section 7.2(1)(c)(ii) [*To enter into a Superior Proposal*]; or

(d) by the Company or the Purchaser pursuant to Section 7.2(1)(b)(i) *[Failure of Shareholders to Approve]* or Section 7.2(1)(b)(iii) *[Effective Time not prior to Outside Date]* or by the Purchaser pursuant to Section 7.2(1)(d)(i) *[Breach of Representations and Warranties or Covenants by Company]* if;

(i) prior to such termination, an Acquisition Proposal is made or publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser) or any Person (other than the Purchaser) shall have publicly announced an intention to make an Acquisition Proposal; and

(ii) within 365 days following the date of such termination (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated or effected, or (B) the Company or one or more of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) and such Acquisition Proposal is later consummated or effected (whether or not within 365 days after such termination).

For purposes of this Section 8.2(2)(d), the term "Acquisition Proposal" shall have the meaning assigned to such term in Section 1.1, except that references to "20% or more" shall be deemed to be references to "50% or more".

(3) The Company Termination Fee shall be paid by the Company to the Purchaser in consideration for the Purchaser's disposition of rights under this Agreement as follows, by wire transfer of immediately available funds to an account designated by the Purchaser, if a Company Termination Fee Event occurs due to:

(a) a termination of this Agreement described in Section 8.2(2)(a) or Section 8.2(2)(b), within two (2) Business Days of the occurrence of such Company Termination Fee Event;

(b) a termination of this Agreement described in Section 8.2(2)(c), prior to or concurrently with the occurrence of such Company Termination Fee Event; and

(c) a termination of this Agreement described in Section 8.2(2)(d), on or prior to consummation or effectiveness of the Acquisition Proposal referred to in Section 8.2(2)(d).

(4) If: (i) the Purchaser fails to complete the Arrangement by the Outside Date in circumstances where Purchaser is not entitled to terminate the Arrangement Agreement in accordance with Article 7 and where all of the conditions in Sections 6.1 and 6.2 are satisfied as of the Outside Date; or (ii) Purchaser materially breaches its covenants or agreements hereunder in a manner that causes the condition set forth in Section 6.3(2) not to be satisfied by the Outside Date (each such event being a "**Purchaser Termination Fee Event**"), then in either case Purchaser shall within five (5) Business Days following the Outside Date pay or cause to be paid to Company (by wire transfer of immediately available funds) the Purchaser Termination Fee.

(5) Each of the Parties acknowledges that the agreements contained in this Section 8.2 are an integral part of the transactions contemplated in this Arrangement Agreement and that, without those agreements, the Parties would not enter into this Arrangement Agreement. Each Party acknowledges that the payment amounts set out in this Section 8.2 are payments of liquidated damages which are a genuine pre-estimate of the damages, which the Party entitled to such damages will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Arrangement Agreement and are not penalties. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

(6) Subject to Section 7.3, the Purchaser hereby expressly acknowledges and agrees that, upon any termination of this Agreement under circumstances where it is entitled to the Company Termination Fee and such Company Termination Fee is paid in full within the prescribed time period, such Company Termination Fee is the sole remedy of the Purchaser against the Company or its Subsidiaries and the Purchaser shall be precluded from any other remedy against the Company or its Subsidiaries and shall not seek to obtain any recovery, judgment or damages of any kind against the Company or its Subsidiaries in connection with this Agreement.

(7) Subject to Section 7.3, the Company hereby expressly acknowledges and agrees that, upon any termination of this Agreement under circumstances where it is entitled to the Purchaser Termination Fee and such Purchaser Termination Fee is paid in full within the prescribed time period, such Purchaser Termination Fee is the sole remedy of the Company against the Purchaser and the Company shall be precluded from any other remedy against the Purchaser and shall not seek to obtain any recovery, judgment or damages of any kind against the Purchaser in connection with this Agreement.

Section 8.3 Expenses and Expense Reimbursement

(1) Except as expressly otherwise provided in this Agreement including in Section 8.3(2), all out-of-pocket third party transaction expenses incurred in connection with this Agreement and the Plan of Arrangement and the transactions contemplated hereunder and thereunder, including all costs, expenses and fees of the Company incurred prior to or after the Effective Time in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated. Notwithstanding the foregoing, in connection with the transactions contemplated by this Agreement, the Purchaser and the Company will each pay 50% of the initial filing fee payable to a Governmental Entity for the initial submission, if required, of the notification and report form under the HSR Act.

(2) In addition to the rights of the Purchaser under Section 8.2, if this Agreement is terminated by either the Company or the Purchaser pursuant to Section 7.2(1)(b)(i) [*Failure of Required Approval*], then the Company shall within two Business Days of such termination, pay or cause to be paid to the Purchaser (or as the Purchaser may direct by notice in writing), by wire transfer of immediately available funds to an account designated by the Purchaser, an expense reimbursement fee equal to actual expenses incurred up to a maximum of USD$1,000,000, provided that no such expense reimbursement fee shall be payable if a Purchaser Material Adverse Effect has occurred having regard to the collar provisions in the Exchange Ratio. In no event shall the Company be required to pay under Section 8.2, on the one hand, and this Section 8.3(2), on the other hand, in the aggregate, an amount in excess of the Company Termination Fee.

(3) The Company confirms that other than the fees disclosed in Section 8.3(3) of the Company Disclosure Letter, no broker, finder or investment banker is or will be entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement

Section 8.4 Notices.

Any notice that is required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be delivered personally (including by courier) or sent by email to the Party to whom it is addressed, as follows:

(a) to the Purchaser at:

Planet 13 Holdings Inc.
2548 West Desert Inn Road
Las Vegas, Nevada 89109

Attention: Leighton Koehler, General Counsel
Email: [REDACTED]

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

Wildeboer Dellelce LLP
Suite 800, Wildeboer Dellelce Place
365 Bay Street
Toronto, Ontario M5H 2V1

Attention: Charles Malone
Email: cmalone@wildlaw.ca

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

Cozen O'Connor
One Liberty Place
1650 Market Street, Suite 2800
Philadelphia, PA 19103

Attention: Joseph C. Bedwick, Esq.
Email: jbedwick@cozen.com

(b) to the Company at:

Next Green Wave Holdings Inc.
Suite 300 - 1055 West Hastings Street
Vancouver, British Columbia V6E 2A9

Attention: Michael Jennings, Chief Executive Officer and Director
Email: [REDACTED]

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

McMillan LLP
Royal Centre, Suite 1500
1055 West Georgia Street, PO Box 11117
Vancouver, British Columbia V6E 4N7

Attention: Arman G. Farahani
Email: arman.farahani@mcmillan.ca

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by email, at the time such email is received if it is a Business Day and the email was received prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day or (iii) if sent by overnight courier, on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice or other communication must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

Section 8.5 Time of the Essence.

Time is of the essence in this Agreement.

Section 8.6 Injunctive Relief.

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to specific performance, injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

Section 8.7 Third Party Beneficiaries.

(1) Except as provided in Section 4.9 which, without limiting its terms, is intended as stipulations for the benefit of the third Persons mentioned in such provisions (such third Persons referred to in this Section 8.7 as the "**Indemnified Persons**"), the Company and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

(2) Despite the foregoing, the Purchaser acknowledges to each of the Indemnified Persons their direct rights against it under Section 4.9 of this Agreement, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, the Company confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

Section 8.8 Waiver.

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 8.9 Entire Agreement.

This Agreement, including the Schedules hereto, the Company Disclosure Letter, the Purchaser Disclosure Letter and the Confidentiality Agreement, constitute the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 8.10 Successors and Assigns.

(1) This Agreement becomes effective only when executed by the Company and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Company, the Purchaser and their respective successors and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party.

Section 8.11 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 8.12 Governing Law.

(1) This Agreement will be governed by and interpreted and enforced in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein.

(2) Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 8.13 Rules of Construction.

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

Section 8.14 No Liability.

No director or officer of the Purchaser or any of its affiliates shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser. No director or officer of the Company or any of its Subsidiaries shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Company or any of its Subsidiaries.

Section 8.15 Language.

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only. *Les parties aux présentes reconnaissent avoir exigé que la présente entente et tous les documents qui y sont accessoires soient rédigés en anglais seulement.*

Section 8.15 Privacy

(1) The Purchaser shall comply with applicable Privacy Laws in the course of collecting, using and disclosing personal information about an identifiable individual it receives from the Company or its Representatives in connection with this Agreement prior to Closing (the "**Transaction Personal Information**"). The Purchaser shall not disclose Transaction Personal Information to any Person other than to its Representatives and counsel who are evaluating and advising on the Arrangement.

(2) The Purchaser shall protect and safeguard the Transaction Personal Information by security safeguards appropriate to the sensitivity of the information. The Purchaser shall cause their Representatives and counsel to observe the terms of this Section 8.15 and to protect and safeguard Transaction Personal Information in their possession. If this Agreement shall be terminated, the Purchaser shall promptly deliver to the Company all Transaction Personal Information in its possession or in the possession of any of its advisors, including all copies, reproductions, summaries or extracts thereof.

Section 8.16 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile or electronic transmission) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or executed electronic copy of this Agreement, and such facsimile or executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[*Remainder of page intentionally left blank.*]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

NEXT GREEN WAVE HOLDINGS INC.

By: /s/ Michael Jennings
Name: Michael Jennings
Title: Chief Executive Officer

PLANET 13 HOLDINGS INC.

By: /s/ Robert Groesbeck
Name: Robert Groesbeck
Title: Co-Chief Executive Officer

By: /s/ Larry Scheffler
Name: Larry Scheffler
Title: Co-Chief Executive Officer

SCHEDULE A
PLAN OF ARRANGEMENT

See attached.

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 288
OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings specified in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

"**Amalgamation**" has the meaning specified in Section 2.3(d).

"**Arrangement**" means the arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations to this Plan of Arrangement made in accordance with the Arrangement Agreement or Section 5.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Arrangement Agreement**" means the arrangement agreement dated as of December 20, 2021 between the Purchaser and the Company (including the Schedules attached thereto, the Purchaser Disclosure Letter and the Company Disclosure Letter) as it may be amended, modified or supplemented from time to time in accordance with its terms.

"**Arrangement Issued Securities**" means all securities to be issued by the Purchaser pursuant to the Arrangement, including the Purchaser Shares representing the Share Consideration, the Replacement Options and, after the Effective Time, the Purchaser Shares underlying the Replacement Options.

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement presented to the Company Shareholders at the Company Meeting, substantially in the form of Schedule B to the Arrangement Agreement.

"**BCBCA**" means the *Business Corporations Act* (British Columbia).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are generally closed for business in Vancouver, British Columbia, Toronto, Ontario or Las Vegas, Nevada.

"Cash Consideration" means $0.0001 per Company Common Share, subject to Section 4.1(e).

"**Closing Certificate**" means the closing certificate, which shall be substantially in the form attached hereto as Appendix "A".

"Code" means the United States Internal Revenue Code of 1986, as amended.

"**Company**" means Next Green Wave Holdings Inc.

"**Company Common Shares**" means the common shares in the capital of the Company.

"**Company Meeting**" means the special meeting of Company Shareholders**,** including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

"**Company Optionholders**" means the holders of Company Options.

"**Company Options**" means the outstanding options to purchase Company Common Shares issued pursuant to the Option Plan.

"**Company Securityholders**" means, collectively, the Company Shareholders and the Company Optionholders.

"**Company Shareholders**" means the registered or beneficial holders of the Company Common Shares, as the context requires, except that with respect to Dissent Rights, Company Shareholders refers only to registered holders of Company Common Shares.

"**Consideration**" means the consideration to be received by non-dissenting Company Shareholders pursuant to the Plan of Arrangement in respect of each Company Common Share that is issued and outstanding immediately prior to the Effective Time, consisting of the Cash Consideration and the Share Consideration.

"**Court**" means the Supreme Court of British Columbia.

"**CSE**" means the Canadian Securities Exchange.

"**Depositary**" means Odyssey Trust Company, or any other depositary or trust company, bank or financial institution as the Purchaser may appoint to act as depositary with the approval of the Company, acting reasonably, for the purpose of, among other things, exchanging certificates representing Company Common Shares for the Share Consideration in connection with the Arrangement.

"**Dissent Rights**" has the meaning specified in Section 3.1of this Plan of Arrangement.

"**Dissenting Holder**" means a registered holder of Company Common Shares who has properly exercised its Dissent Rights in strict compliance with Division 2 of Part 8 of the BCBCA, as modified by the Interim Order and Section 3.1, and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights and who is ultimately determined to be entitled to be paid the fair value of its Company Common Shares, but only in respect of the Company Common Shares in respect of which Dissent Rights are validly exercised by such holder.

"**Effective Date**" means the date specified as the "Effective Date" on the Closing Certificate upon which the Arrangement becomes effective.

"**Effective Time**" means the time on the Effective Date specified as the "Effective Time" on the Closing Certificate.

"Eligible Holder" means a beneficial owner of Company Common Shares immediately prior to the Effective Time who is resident in Canada for purposes of the Tax Act (other than a Tax Exempt Person), or a partnership any member of which is resident in Canada for the purposes of the Tax Act (other than a Tax Exempt Person);

"Exchange Ratio" means 0.1081 Purchaser Shares for each Company Common Share, except that (A) if the volume-weighted average price of the Purchaser's shares on the CSE for the 10 trading days immediately preceding the second Business Day prior to the Effective Date (the "**Closing Price**") is below C$5.50 but greater than C$4.06, then the Exchange Ratio will be calculated as (i) C$0.4650 divided by (ii) the Closing Price; (B) if the Closing Price is less than or equal to C$4.06, then the Exchange Ratio will be 0.1145; and (C) if the Closing Price is greater than or equal to C$5.50, then the Exchange Ratio shall be 0.0845.

"**Final Order**" means the final order of the Court after being informed of the intention to rely upon the Section 3(a)(10) Exemption in connection with the issuance of the Arrangement Issued Securities to Company Securityholders that are in the United States or U.S. Persons, made pursuant to section 291 of the BCBCA approving the Arrangement in form and substance acceptable to the Purchaser and the Company, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange, including the CSE.

"**holder**" means a holder of Company Common Shares or Company Options, as applicable, whose name appears in the register of holders of Company Common Shares or Company Options, as applicable, maintained by or on behalf of the Company and, where applicable, includes joint holders of Company Common Shares.

"**In the Money Amount**" has the meaning specified in Section 2.3(e).

"**Interim Order**" means the interim order of the Court made pursuant to section 291 of the BCBCA after being informed of the intention to rely upon the Section 3(a)(10) Exemption in connection with the issuance of the Arrangement Issued Securities to Company Securityholders in the United States or that are U.S. Persons, in a form acceptable to the Purchaser and the Company, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

"**Letter of Transmittal**" means the letter of transmittal sent by the Company to registered holders of Company Common Shares for use in connection with the Arrangement.

"**Lien**" means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, options, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

"**Option Plan**" means the stock option plan of the Company, which governs the Company Options.

"**Parties**" mean the Company and the Purchaser and "**Party**" means any one of them.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means this plan of arrangement proposed under Section 288 of the BCBCA, and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement or Section 5.1 of this plan of arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

"**Purchaser**" means Planet 13 Holdings Inc.

"**Purchaser Amalco**" has the meaning specified in Section 2.3(d).

"**Purchaser Shares**" means the common shares in the capital of the Purchaser.

"Registrar" means the Registrar of Companies appointed pursuant to Section 400 of the BCBCA.

"Replacement Option" has the meaning specified in Section 2.3(e).

"Section 3(a)(10) Exemption" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

"Section 85 Election" has the meaning specified in Section 2.4.

"**Share Consideration"** means the Exchange Ratio of a Purchaser Share for each Company Common Share.

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

"Tax Exempt Person" means a person who is exempt from tax under Part I of the Tax Act.

"**U.S. Securities Act**" means the *United States Securities Act of 1933*.

"**U.S. Treasury Regulations**" means the regulations promulgated under the Code by the United States Department of the Treasury.

1.2 Certain Rules of Interpretation.

In this Plan of Arrangement, unless otherwise specified:

(1) **Headings, etc.** The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(2) **Currency.** All references to dollars or to $ are references to Canadian dollars.

(3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) **Certain Phrases, etc.** The words (i) "including", "includes" and "include" mean "including (or includes or include) without limitation," (ii) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of," and (iii) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

(5) **Statutes.** Any reference to a statute refers to such statute and all rules, resolutions and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(6) **Time.** Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in any letter of transmittal contemplated herein are local time Vancouver, British Columbia unless otherwise stipulated herein or therein.

(7) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

ARTICLE 2
THE ARRANGEMENT

2.1. Arrangement Agreement

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement. The sequence of the steps comprising the Arrangement shall occur in the order set forth herein.

2.2. Binding Effect

This Plan of Arrangement and the Arrangement will become effective, and be binding on (i) the Purchaser, (ii) the Company, (iii) all registered and beneficial Company Shareholders (including Dissenting Shareholders), and (iv) all holders of Company Options, at and after, the Effective Time, in each case, without any further act or formality required on the part of the Court, the Registrar or any other Person.

2.3. Arrangement

Commencing at the Effective Time, the following shall occur and shall be deemed to occur sequentially, in two-minute intervals, in the following order and without any further authorization, act or formality unless stated otherwise:

(a) each Company Common Share held by Dissenting Holders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred by the holder thereof, without any further act or formality on its part, free and clear of all Liens, to the Company for cancellation in consideration for a claim against the Company for the amount determined under Article 3, and:

(i) such Dissenting Holders shall cease to be the holders of such Company Common Shares and to have any rights as holders of such Company Common Shares other than the right to be paid fair value for such Company Common Shares as set out in Section 3.1; and

(ii) such Dissenting Holders' names shall be removed as the holders of such Company Common Shares from the registers of Company Common Shares maintained by or on behalf of the Company and such Company Common Shares shall be cancelled and cease to be outstanding;

(b) each Company Common Share outstanding, other than Company Common Shares held by a Dissenting Holder who has validly exercised such holder's Dissent Right, shall, without any further action by or on behalf of a holder of Company Common Shares, be deemed to be assigned and transferred by the holders thereof to the Purchaser (free and clear of all Liens) in exchange for the Consideration for each Company Common Share held, and:

(i) the holders of such Company Common Shares shall cease to be the holders of such Company Common Shares and to have any rights as holders of such Company Common Shares other than the right to be paid the Consideration per Company Common Share in accordance with this Plan of Arrangement;

(ii) the name of each such holder shall be removed as the holder of such Company Common Shares from the registers of Company Common Shares maintained by or on behalf of the Company; and

(iii) the Purchaser shall be deemed to be the transferee of such Company Common Shares (free and clear of all Liens) and shall be entered in the registers of Company Common Shares maintained by or on behalf of the Company.

(c) the stated capital of the issued and outstanding shares issued by the Company shall be reduced to an aggregate of $1.00 without any repayment of capital in respect thereof;

(d) the Purchaser and the Company shall merge (the "**Amalgamation**") to form one corporate entity ("**Purchaser Amalco**") with the same effect as if they had amalgamated under Section 269 of the BCBCA, except that the legal existence of the Purchaser shall not cease and the Purchaser shall survive the merger as Purchaser Amalco and, for the avoidance of doubt, the Amalgamation, together with the transactions described in Sections 2.3(b) and (c), is intended to constitute a single integrated transaction, qualifying as a reorganization within the meaning of Section 368(a)(1)(A) of the Code for all United States federal income tax purposes, and the Amalgamation is intended to qualify as an amalgamation as defined in subsection 87(1) of the Tax Act, and without limiting the generality of the foregoing, upon and as a consequence of the Amalgamation:

(i) the separate legal existence of the Company shall cease without the Company being liquidated or wound up and the Purchaser and the Company shall continue as one company and the property, rights, interests and obligations of the Company shall become the property, rights, interests and obligations of Purchaser Amalco;

(ii) the properties, rights, interests and obligations of the Purchaser shall continue to be the properties, rights, interests and obligations of Purchaser Amalco, and the Amalgamation shall not constitute an assignment by operation of law, a transfer or any other disposition of the properties, rights and interests of the Purchaser to Purchaser Amalco;

(iii) Purchaser Amalco will own and hold the property of the Purchaser and the Company and, without limiting the provisions hereof, all rights of creditors or others of the Purchaser and the Company will be unimpaired by the Amalgamation, and all liabilities and obligations of the Purchaser and the Company, whether arising by contract or otherwise, may be enforced against Purchaser Amalco to the same extent as if such obligations had been incurred or contracted by Purchaser Amalco;

(iv) Purchaser Amalco will continue to be liable for all of the liabilities and obligations of the Purchaser and the Company;

(v) all rights, contracts, permits and interests of the Purchaser and the Company will continue as rights, contracts, permits and interests of Purchaser Amalco as if the Purchaser and the Company continued and, for greater certainty, the Amalgamation will not constitute a transfer or assignment of the rights or obligations of either the Purchaser or the Company under any such rights, contracts, permits and interests;

(vi) any existing cause of action, claim or liability to prosecution will be unaffected;

(vii) a civil, criminal or administrative action or proceeding pending by or against either the Purchaser or the Company may be continued by or against Purchaser Amalco;

(viii) a conviction against, or ruling, order or judgment in favour of or against either the Purchaser or the Company may be enforced by or against Purchaser Amalco;

(ix) each issued and outstanding share of each class of Purchaser Shares shall become a share of the same class of shares of Purchaser Amalco having the same terms and conditions as such Purchaser Shares had immediately prior to the Amalgamation ("**Purchaser Amalco Shares**") and all of the issued and outstanding shares of the Company will be cancelled without repayment of capital in respect thereof;

(x) the name of Purchaser Amalco shall be Planet 13 Holdings Inc.;

(xi) Purchaser Amalco shall be authorized to issue an unlimited number of class A restricted voting shares and common shares each without par value;

(xii) the articles and notice of articles of Purchaser Amalco shall be in the form of the articles and notice of articles of the Purchaser;

(xiii) the first annual general meeting of Purchaser Amalco or resolutions in lieu thereof shall be held within 18 months from the Effective Date;

(xiv) the first directors of Purchaser Amalco following the amalgamation shall be the then current Purchaser directors; and

(xv) the stated capital of each class of shares of Purchaser Amalco will be an amount equal to the stated capital attributable to the corresponding class of Purchaser Shares immediately prior to the Amalgamation; and

(e) Upon and simultaneously with the immediately preceding step, each Company Option that is outstanding immediately prior to the Effective Time (whether vested or unvested) will cease to represent an option or other right to acquire Company Common Shares and will be exchanged for an option (a "**Replacement Option**") to purchase from the Purchaser Amalco such number of Purchaser Amalco Shares, in each case equal to (A) that number of Company Common Shares that were issuable upon exercise of such Company Option immediately prior to the Effective Time, multiplied by (B) the Exchange Ratio, rounded down to the nearest whole number of Purchaser Amalco Shares at an exercise price per Purchaser Amalco Share equal to the quotient determined by dividing: (X) the exercise price per Company Common Share at which such Company Option was exercisable immediately prior to the Effective Time, by (Y) the Exchange Ratio, rounded up to the nearest whole cent. All other terms and conditions of such Replacement Option, including the term to expiry, vesting, conditions to and manner of exercising, will be the same as the Company Option for which it was exchanged except that notwithstanding the foregoing, the Replacement Options shall be subject to the terms and conditions of the Purchaser Amalco's stock option plan in effect at the applicable time; and further, notwithstanding the foregoing, in the case of Company Optionholders who are United States persons under Section 7701(a)(30) of the Code, such Replacement Options must comply with the requirements for substitution under section 409A of the Code and Treasury Regulations at 1.409A-1(b)(5)(v)(D). Notwithstanding the foregoing, if it is determined in good faith that: (I) the excess of the aggregate fair market value of the Purchaser Amalco Shares subject to a Replacement Option, determined immediately after the effective time of this Section 2.3(e), over the aggregate option exercise price for such Purchaser Amalco Shares pursuant to such Replacement Option (such excess referred to as the "**In the Money Amount**" of the Replacement Option) would otherwise exceed (II) the excess of the aggregate fair market value of the Company Common Shares subject to the Company Option in exchange for which the Replacement Option was granted, determined immediately prior to the effective time of this Section 2.3(e), over the aggregate option exercise price for the Company Common Shares pursuant to such Company Option (such excess referred to as the "**In the Money Amount**" of the Company Option), the previous provisions shall be modified so that the In the Money Amount of the Replacement Option does not exceed the In the Money Amount of the Company Option in accordance with subsection 7(1.4) of the Tax Act and to the extent applicable, Section 409A of the Code, but only to the extent necessary and in a manner that does not otherwise (except to the extent necessary to comply with subsection 7(1.4) of the Tax Act and Section 409A of the Code) adversely affect the holder of the Replacement Option.

2.4. Post-Effective Time Procedures

An Eligible Holder whose Company Common Shares are exchanged for the Consideration pursuant to the Arrangement shall be entitled to make a joint income tax election with the Purchaser, pursuant to section 85 of the Tax Act (and any analogous provision of provincial income tax law) (a "**Section 85 Election**") with respect to the exchange by providing two signed copies of the necessary joint election forms to an appointed representative, as directed by the Purchaser, within 90 days after the Effective Date, duly completed with the details of the number of Common Shares transferred and the applicable agreed amounts for the purposes of such joint elections. The agreed amount under such joint elections shall be determined by each Company Shareholder in his or her sole discretion, provided such amounts are within the limits set out in the Tax Act. The Purchaser shall, within 45 days after receiving the completed joint election forms from an Eligible Holder, and subject to such joint election forms being correct and complete and in compliance with requirements imposed under the Tax Act (or applicable provincial income tax law), sign and return them to the Eligible Holder for filing with the Canada Revenue Agency (or the applicable provincial tax authority). Neither the Purchaser nor any successor corporation shall be responsible for the proper completion of any joint election form nor, except for the obligation to sign and return duly completed joint election forms which are received within 90 days of the Effective Date, for any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such joint election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). In its sole discretion, the Purchaser or any successor corporation may choose to sign and return a joint election form received by it more than 90 days following the Effective Date, but will have no obligation to do so.

2.5. No Fractional Purchaser Shares

In no event shall any fractional Purchaser Shares be issued under this Plan of Arrangement. Where the aggregate number of Purchaser Shares to be issued to a Company Shareholder as consideration under this Plan of Arrangement would result in a fraction of a Purchaser Share being issuable, then the number of Purchaser Shares to be issued to such Company Shareholder shall be rounded down to the closest whole number and, in lieu of the issuance of a fractional Purchaser Share thereof, the Purchaser will pay to each such holder a cash payment (rounded up to the nearest cent) determined by reference to the volume weighted average trading price of the Purchaser Shares on the CSE for the five trading days on which such Purchaser Shares trade on the CSE immediately prior to the Effective Date.

2.6. U.S. Securities Laws

Notwithstanding any provision herein to the contrary, the Purchaser and the Company agree that the Plan of Arrangement will be carried out with the intention that all Arrangement Issued Securities (other than the Purchaser Shares underlying the Replacement Options) to be issued in connection with the Arrangement shall be exempt from registration requirements of the U.S. Securities Act pursuant to the Section 3(a)(10) Exemption thereunder, and available exemptions from the registration or qualification requirements of applicable U.S. state securities laws, and shall be without trading restrictions under the U.S. Securities Act (other than those that would apply under the U.S. Securities Act to Persons who are, have been within 90 days of the Effective Time, or, at the Effective Time, become affiliates (as defined by Rule 144 of the U.S. Securities Act)).

ARTICLE 3
RIGHTS OF DISSENT

3.1. Rights of Dissent

Each registered holder of Company Common Shares may exercise dissent rights with respect to any Company Common Shares held by such holder ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Division 2 of Part 8 of the BCBCA, as modified by the Interim Order, the Final Order, and this Section 3.1; provided that, notwithstanding Section 242 of the BCBCA, the written objection to the Arrangement Resolution contemplated by Section 242 of the BCBCA must be received by the Company not later than 5:00 p.m. (Vancouver time) on the Business Day that is two (2) Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Each dissenting holder who duly exercise such holder's Dissent Rights shall, notwithstanding anything to the contrary in Section 245 of the BCBCA, be deemed to have transferred for cancellation the Company Common Shares held by such holder and in respect of which Dissent Rights have been validly exercised to the Company free and clear of all Liens (other than the right to be paid fair value for such Company Common Shares as set out in this Section 3.1), as provided in Section 2.3(a) and if they:

(a) ultimately are determined to be entitled to be paid fair value for such Company Common Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(a)); (ii) will be entitled to be paid by the Company the fair value of such Company Common Shares, which fair value shall be determined in accordance with the procedures applicable to the payout value set out in Sections 244 and 245 of the BCBCA and determined as of the close of business on the Business Day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Company Common Shares; or

(b) ultimately are not entitled, for any reason, to be paid fair value for such Company Common Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Company Common Shares and shall be entitled to receive only the Consideration per Company Common Share contemplated in Section 2.3(b) hereof that such holder would have received pursuant to the Arrangement if such registered holder had not exercised Dissent Rights.

3.2. Recognition of Dissenting Holders

(a) In no circumstances shall the Purchaser, the Company, or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the holder of those Company Common Shares in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no case shall the Purchaser, the Company, or any other Person be required to recognize Dissenting Holders as holders of Company Common Shares, after the Effective Time, in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.3(a) and the names of such Dissenting Holders shall be removed from the registers of holders of Company Common Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(a) occurs. In addition to any other restrictions under Division 2 of Part 8 of the BCBCA, none of the following shall be entitled to exercise Dissent Rights: (i) Company Optionholders; or (ii) Company Shareholders who vote, or who have instructed a proxyholder to vote, such Company Common Shares in favour of the Arrangement Resolution.

ARTICLE 4
CERTIFICATES AND PAYMENTS

4.1. Payment and Delivery of Consideration

(a) On or immediately prior to the Effective Date in accordance with the terms of the Arrangement Agreement, the Purchaser shall deliver, or cause to be delivered, the Share Consideration and the Cash Consideration (subject to Section 4.1(f)) to which Company Shareholders are entitled, to the depositary to satisfy the Consideration per Company Common Share issuable and/or payable to the Company Shareholders pursuant to this Plan of Arrangement (other than Company Shareholders who have validly exercised Dissent Rights and who have not withdrawn their notice of objection), which Purchaser Shares and Cash Consideration shall be held by the Depositary for and on behalf of the former Company Shareholders until delivered or paid to such former Company Shareholders subject to and in accordance with this Article 4.

(b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Common Shares that were transferred pursuant to Section 2.3(b), together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, the Cash Consideration (subject to Section 4.1(f)), and a certificate representing the number of Purchaser Shares to which such holder has the right to receive under the Arrangement, which Purchaser Shares will be registered in the name or names and either (i) delivered to the address or addresses as such Company Shareholder directed in their Letter of Transmittal or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the Company Shareholder in the Letter of Transmittal, and any certificate representing Company Common Shares so surrendered shall forthwith be cancelled.

(c) Until surrendered as contemplated by this Section 4.1, each certificate that immediately prior to the Effective Time represented Company Common Shares (other than Company Common Shares in respect of which Dissent Rights have been validly exercised and not withdrawn), shall be deemed after the Effective Time to represent only the right to receive upon such surrender the Consideration in lieu of such certificate as contemplated in this Section 4.1, less any amounts withheld pursuant to Section 4.3. Any such certificate formerly representing Company Common Shares not duly surrendered on or before the second anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Common Shares of any kind or nature against or in the Company or the Purchaser. On such date, all Consideration to which such former holder was entitled shall be deemed to have been surrendered to Purchaser and shall be delivered by the Depositary to Purchaser as directed by the Purchaser.

(d) Any payment made by way of cheque by the Depositary pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the second anniversary of the Effective Date, and any right or claim to payment hereunder that remains outstanding on the second anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the Company Common Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.

(e) All amounts of Cash Consideration to be received under this Plan of Arrangement will be calculated to the nearest cent ($0.01). For greater certainty, if pursuant to Section 2.3(d) a Company Shareholder will receive in the aggregate less than $0.01 in respect of all the Company Common Shares held by that Company Shareholder, the cash consideration to be received by such Company Shareholder will be rounded up to $0.01. All calculations and determinations by the Purchaser or the Depositary, as applicable, for the purposes of this Plan of Arrangement shall be conclusive, final and binding.

(f) At the option of the Purchaser, Cash Consideration payable to a Company Shareholder that is an amount less than $10.00 may be required to be picked up by such former Company Shareholder from the Depositary's office set forth in the Letter of Transmittal following five (5) Business Days' prior notice thereof. Any such amount not picked up before the second anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Common Shares of any kind or nature against or in the Company or the Purchaser. On such date, all Cash Consideration to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser and shall be delivered by the Depositary to the Purchaser as directed by the Purchaser.

(g) No holder of Company Common Shares shall be entitled to receive any consideration with respect to such Company Common Shares other than the Consideration to which such holder is entitled to receive in accordance with Section 2.3 and this Section 4.1 less any amounts withheld pursuant to Section 4.3 and, for greater certainty, no such holder with be entitled to receive any interest, dividends, premium or other payment in connection therewith.

4.2. Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Common Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration that such Company Shareholder has the right to receive in accordance with Section 2.3 and deliverable in accordance with such holder's Letter of Transmittal. When authorizing such exchange for any lost, stolen or destroyed certificate, the Person to whom such Consideration is to be delivered shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct (acting reasonably), or otherwise indemnify Purchaser and the Company in a manner satisfactory to the Purchaser (acting reasonably) against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

4.3. Withholding Rights

The Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 3.1), such amounts as the Purchaser, the Company or the Depositary (as applicable) determines, acting reasonably, are required or permitted to be deducted and withheld with respect to such payment under the Tax Act, the Code or any provision of any other Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Person in respect of which such withholding was made, provided that such amounts are actually remitted to the appropriate Governmental Entity. The Purchaser will (i) promptly notify the Company if it becomes aware of any such deduction or withholding, and (ii) remit any withheld or deducted amounts to the appropriate Governmental Entity within the time required by applicable Law. Each of the Purchaser, the Company or the Depositary, as applicable, is hereby authorized to sell or otherwise dispose of, on behalf of such Person, such portion of any share or other security deliverable to such Person as is necessary to provide sufficient funds to the Purchaser, the Company or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and the Purchaser, the Company or the Depositary shall notify such Person thereof and remit the applicable portion of the net proceeds of such sale to the appropriate Governmental Entity authority and, if applicable, any portion of such net proceeds that is not required to be so remitted shall be paid to such Person.

4.4. No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

4.5. Deemed Fully Paid and Non-Assessable Shares

All Purchaser Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

ARTICLE 5
AMENDMENTS

5.1. Amendments to Plan of Arrangement

(a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing, (ii) be approved by the Company and the Purchaser, each acting reasonably, (iii) filed with the Court and, if made following the Company Meeting, approved by the Court, and (iv) communicated to the Company Shareholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to the Company Meeting (provided that the Company or the Purchaser, as applicable, shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by each of the Company and the Purchaser (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by some or all of the Company Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the economic interest of any former Company Securityholder.

The Parties, acting reasonably, agree to make all necessary consequential amendments to the Plan of Arrangement that are reasonably necessary to give effect to the foregoing.

ARTICLE 6
FURTHER ASSURANCES

6.1. Further Assurances

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

Appendix "A"
to the Plan of Arrangement

Closing Certificate

Re: Arrangement Agreement dated December 20, 2021 between Planet 13 Holdings Inc. and Next Green Wave Holdings Inc. (the "**Arrangement Agreement**")

Defined terms used but not defined in this certificate shall have the meaning ascribed thereto in the Arrangement Agreement.

Each of the undersigned hereby confirms that the undersigned is satisfied that the conditions precedent to its respective obligations to complete the Arrangement Agreement have been satisfied and that the Arrangement is completed as of 12:01 a.m. (Vancouver time) (the "**Effective Time**") on_____, 2022 (the "**Effective Date**").

PLANET 13 HOLDINGS INC.

Per: _____
Name:
Title:

NEXT GREEN WAVE HOLDINGS INC.

Per: _____
Name:
Title:

SCHEDULE B
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") of Next Green Wave Holdings Inc. (the "**Company**"), pursuant to the arrangement agreement (as it may be amended, the "**Arrangement Agreement**") between the Company and Planet 13 Holdings Inc. dated December 20, 2021, all as more particularly described and set forth in the management information circular of the Company dated ●, 2022 (the "**Circular**") accompanying the notice of this meeting (as the Arrangement may be modified or amended in accordance with the terms of the Arrangement Agreement) is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement (the "**Plan of Arrangement**")), the full text of which is set out in Appendix to the Circular, is hereby authorized, approved and adopted.

3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.

4. The Company be and is hereby authorized to apply for a final order from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the securityholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company are hereby authorized and empowered to, without notice to or approval of the securityholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.

6. Any one or more directors or officers of the Company is hereby authorized, for and on behalf and in the name of the Company, to execute and deliver, whether under corporate seal of the Company or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations, registrations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including: (i) all actions required to be taken by or on behalf of the Company, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities, including the court; (ii) any and all documents that are necessary to be filed with the Registrar under the BCBCA in connection with the Arrangement Agreement or the Plan of Arrangement; and (iii) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by the Company, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or things.

SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

1. **Organization and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the Laws of the Province of British Columbia. The Company has all necessary corporate power and authority to own, lease and operate its properties, and to carry on its business as now conducted, except as set forth under Federal Cannabis Laws. The Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of the business of the Company and its Subsidiaries as currently conducted, makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Company Material Adverse Effect.

2. **Authority; Approval.**

   (a) The Company has all necessary corporate power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby, including the Arrangement. This Agreement has been duly executed and delivered by the Company, and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a legal, valid and binding obligation of the Company, enforceable in accordance with its terms and conditions, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general equitable principles and Federal Cannabis Laws.

   (b) The Company's Board has unanimously (i) determined that the Consideration to be received by the Company Shareholders pursuant to the Arrangement is fair to such holders and that this Agreement and the transactions contemplated hereby, including the Arrangement, are in the best interests of the Company; (ii) approved the execution and delivery of this Agreement and the performance by the Company of its obligations under this Agreement, in each case in accordance with the BCBCA and the Constating Documents of the Company, and (iii) determined to recommend to the Company Securityholders that the Company Securityholders vote in favor of the Arrangement Resolution at the Company Meeting. Except for approval of the Arrangement Resolution by the Company Securityholders, no further act or proceeding on the part of the Company, its Board or the Company Securityholders is necessary to authorize the execution, delivery and performance of this Agreement.

3. **No Conflicts; Consents.**

   (a) Except as set forth in Section 3 of the Company Disclosure Letter, neither the execution and the delivery by the Company of this Agreement, nor the consummation of the transactions contemplated hereby, including the Arrangement, (i) violate or conflict with any provisions of the Constating Documents of the Company or any of its Subsidiaries, (ii) violate, conflict with or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under any provision of any Law or Governmental Order to which the Company or any of its Subsidiaries or any of their properties or assets are subject, except for Federal Cannabis Laws or (iii) violate, conflict with or result in a breach of any provision of, constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, result in or create in any Person the right to, accelerate, terminate, modify or cancel, require any notice under, or result in the imposition or creation of a Lien upon or with respect to any of the Common Shares or assets of the Company or any of its Subsidiaries, any Contract or Company Authorization, except, in the case of clauses (b) and (c), as would not have a Company Material Adverse Effect.

(b) Except as set forth in Section 3(b) of the Company Disclosure Letter, no consent, approval, Authorization, Governmental Order or registration, declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by or on behalf of the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except (i) the Interim Order and any filings required in order to obtain the Interim Order, (ii) the Final Order, and any filings required in order to obtain the Final Order, (iii) filings with the registrar under the BCBCA in connection with the Arrangement, (iv) filings with the Securities Authority and the CSE and (v) any consents, approvals, Authorizations, Governmental Orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries has received any written or oral notice from any Governmental Entity indicating that such Governmental Entity would oppose or not promptly grant or issue its consent or approval, if requested, with respect to the transactions contemplated by this Agreement.

4. **Legal Proceedings.** Except as set forth in Section 4 of the Company Disclosure Letter, there is no Action or series of related Actions, whether written or oral, pending or, to the Company's knowledge, threatened against, related to or affecting the Company or any of its Subsidiaries, or any of their directors, managers or officers (in each case in their capacities as such), at law or in equity by or before a third Person or a Governmental Entity (a) with respect to the transactions contemplated by this Agreement or (b) otherwise, except in the case of this clause (b), as would not result in monetary damages in excess of $50,000 or have a Company Material Adverse Effect. Except as set forth in Section 4 of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries has received notice of, and to the Company's knowledge there has not been, any accident, happening or event which is or has been caused or allegedly caused by, or otherwise involves, any services performed in connection with or on behalf of the Company or such Subsidiary, in each case that is reasonably likely to result in or serve as a basis for a future Action or loss. Except as set forth in Section 4 of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries is subject to or bound by any settlement or conciliation agreement. There are no Governmental Orders outstanding against or affecting the Company or any of its Subsidiaries, or against or affecting any director, manager, officer, employee, partner or equityholder of the Company or any of its Subsidiaries.

5. **Compliance with Laws.**

(a) Except for the Federal Cannabis Laws, the Company and each of its Subsidiaries has complied in all material respects, and is now complying in all material respects, with all Laws applicable to the business of the Company and its Subsidiaries or the properties or assets of the Company or its Subsidiaries.

(b) The Company and each of its Subsidiaries is in compliance in all respects with all Laws and regulatory systems controlling the cultivation, harvesting, production, handling, storage, distribution, sale, and possession of cannabis or medical marijuana, except where the absence of such compliance would not, in the aggregate, have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries import or export cannabis products, from or to, any foreign country.

(c) The Company is in compliance in all material respects with applicable Securities Laws.

(d) The operations of the Company and each of its Subsidiaries are, and have been conducted, in compliance in all material respects with all financial recordkeeping and reporting requirements, the applicable anti-money laundering statutes of all jurisdictions where the Company or such Subsidiary conducts business, the rules and regulations thereunder and any related or similar rules, regulations, or guidelines issued, administered, or enforced by any Governmental Entity (collectively, "**Anti-Money Laundering Laws**"). No Action involving the Company or any of its Subsidiaries with respect to Anti- Money Laundering Laws is pending or, to the Company's knowledge, threatened.

(e) To the Company's knowledge, no director, manager, officer, agent, employee, affiliate or other Person associated with or acting on behalf of the Company or any of its Subsidiaries has (i) used any funds of the Company or such Subsidiary for any unlawful contribution, gift, entertainment, or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic Governmental Entity or regulatory official or employee; (iii) made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment; or (iv) violated any provision of the United States Foreign Corrupt Practices Act of 1977, the *Corruption of Foreign Public Officials Act* (Canada) any other anti-bribery or anti-corruption statute or regulation.

6. **Securities Laws Matters.** The Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario (the "**Company Reporting Jurisdictions**"). The Common Shares are listed and posted for trading on the CSE. None of the Company nor any of its Subsidiaries is subject to any continuous or periodic, or other disclosure requirements under any securities laws in any jurisdiction except in respect of the Company in the Company Reporting Jurisdictions. The Company has not taken any action to cease to be a reporting issuer in the Company Reporting Jurisdictions, nor has the Company received notification from any applicable securities regulatory authorities seeking to revoke the reporting issuer status of the Company. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Company or any Subsidiary of the Company is pending, in effect, has been threatened, or is expected to be implemented or undertaken, and the Company is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. The Company has filed all documents and information required to be filed by it, whether pursuant to applicable Securities Laws or otherwise, on SEDAR and with applicable securities regulatory authorities, except where non-compliance would not be material and adverse to the Company. The Company has not made any confidential filings with any securities regulatory authorities that, as at the date of this Agreement, are not publicly available. As of the time each Company Filing was filed on SEDAR or with the applicable securities regulatory authority (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) such Company Filing complied in all material respects with applicable Securities Laws; and (ii) none of the Company Filings contained any Misrepresentation. Other than the transactions contemplated by this Agreement, there is no "material fact" or "material change" (as those terms are defined in under applicable Securities Laws) in the affairs of the Company or any of its Subsidiaries that has not been generally disclosed to the public. As of the date of this Agreement, no class of securities of the Company is registered or required to be registered under Section 12 of the U.S. Exchange Act, nor does the Company have a reporting obligation under Section 15(d) of the U.S. Exchange Act. Up until June 30, 2021, the Company was a "foreign private issuer" within the meaning of Rule 405 under the U.S. Securities Act. In the event the Company has ceased to qualify as a foreign private issuer as of June 30, 2021 (being the last business day of the second fiscal quarter of the fiscal year ending December 31, 2021), the Company will cease to be eligible to rely on the rules and forms available to foreign private issuers under U.S. federal securities laws from and after January 1, 2022 and will be required to file a registration statement on Form 10 pursuant to Section 12(g) of the U.S. Exchange Act no later than May 2, 2022.

7. **Financial Statements.**

(a) Included in the Company Filings are true and complete copies of (collectively, the "**Company Financial Statements**") (i) the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019 and December 31, 2020 and (ii) the unaudited consolidated financial statements of the Company as of and for the three and nine month periods ended September 30, 2021.

(b) The Company Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods involved, subject to, in the case of the interim Company Financial Statements, normal and recurring year-end adjustments (in each case the effect of which will not be materially adverse) and the absence of notes that, if presented, would not differ materially from those presented in the audited Company Financial Statements. The Company Financial Statements (including in all cases the notes thereto, if any) have been prepared from, and are consistent with, the books and records of the Company and accurately present in all material respects the financial condition and results of operations of the Company as of the times and for the periods referred to therein.

(c) The financial books, records and accounts of the Company and each of its Subsidiaries have been maintained, in all material respects, in accordance with GAAP.

(d) There has been no fraud, whether or not material, involving management or other Company Employees who have a significant role in the internal control over financial reporting of the Company and the preparation of the Company Financial Statements. The Company has received no (i) complaints from any source regarding accounting, internal accounting controls or auditing matters or (ii) expressions of concern from Company Employees, directors of the Company or the Company's auditors regarding questionable accounting or auditing matters.

(e) To the knowledge of the Company, the Company's current auditors are independent with respect to the Company within the meaning of the rules of professional conduct applicable to auditors in Canada and there has never been a "reportable event" (within the meaning of National Instrument 51-102) with the current, or to the knowledge of the Company, any predecessor, auditors of the Company.

8. **Capitalization.**

(a) The authorized capital of the Company consists solely of an unlimited number of Common Shares, of which 186,559,170 Common Shares are outstanding as of the date of this Agreement. The outstanding Common Shares are, and all Common Shares permitted to be issued under this Agreement prior to the Effective Time will be, when issued, (i) issued in compliance with applicable Laws, and not issued in violation of the Company's Constating Documents or any other Contract to which the Company is a party and (ii) duly authorized, validly issued, fully-paid and non- assessable.

(b) Except as set forth in Section 8(b) of the Company Disclosure Letter, (i) the Company has no outstanding Company Derivative Securities, (ii) no person, firm, corporation or other entity has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option or privilege (whether pre-emptive or contractual), for the issue or allotment of any unissued shares in the capital of the Company or any other security convertible into or exchangeable for any such shares, or to require the Company to purchase, redeem or otherwise acquire any of the outstanding securities in the capital of the Company, (iii) the Company does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights, and (iv) there are no voting trusts, shareholder rights plans, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any preemptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any ownership interests of the Company. All Company Derivative Securities, the material terms and holders of which are set forth in Section 8(b) of the Company Disclosure Letter, were issued in compliance with applicable Laws and were not issued in violation of the Company's Constating Documents or any Contract to which the Company is a party.

9. **Subsidiaries.**

(a) Section 9(a) of the Company Disclosure Letter sets forth (i) each Subsidiary of the Company, (ii) the Company's direct or indirect ownership interest in such Subsidiary (and the nature of such ownership, if indirect) and (iii) the ownership interests of any other Person in such Subsidiary. Other than its Subsidiaries set forth in Section 9(a) of the Company Disclosure Letter, the Company does not, directly or indirectly, own, control or have any ownership interests in any other Person.

(b) Each Subsidiary of the Company is duly organized, validly existing and in good standing under the Laws of the state or province of its formation, which state or province is set forth in Section 9(a) of the Company Disclosure Letter. Each Subsidiary of the Company has all necessary power (limited liability company or corporate, as applicable) and authority to own, lease and operate its properties, and to carry on its business as now conducted, except as set forth under Federal Cannabis Laws. Each Subsidiary of the Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of the business of the Company and its Subsidiaries as currently conducted, makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Company Material Adverse Effect.

(c) With respect to each Subsidiary of the Company, (i) such Subsidiary has no Company Derivative Securities, (ii) no person, firm, corporation or other entity has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option or privilege (whether pre-emptive or contractual), for the issue or allotment of any unissued shares in the capital of such Subsidiary or any other security convertible into or exchangeable for any such shares, or to require such Subsidiary to purchase, redeem or otherwise acquire any of the outstanding securities in the capital of such Subsidiary, (iii) such Subsidiary does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights, and (iv) there are no voting trusts, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any preemptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any ownership interests of such Subsidiary.

10. **Brokers.** Except as set forth in Section 10 of the Company Disclosure Letter, no Person has, or will have, any liability to pay any fees, commissions or other compensation to any broker, finder, investment banker, financial advisor, agent or other similar Person with respect to the transactions contemplated by this Agreement on the basis of any act or statement made or alleged to have been made by or on behalf of the Company, the Company Shareholders or any affiliates of any of the foregoing, or any banker, financial advisor, other representative or other Person retained by or acting for or on behalf of any of the foregoing.

11. **Absence of Certain Changes.** Since September 30, 2021, except as set forth on Section 11 of the Company Disclosure Letter or as expressly contemplated by this Agreement or with the Purchaser's prior written consent, the business of the Company and of each of its Subsidiaries has been conducted in the Ordinary Course, there has not occurred a Material Adverse Effect and neither the Company nor any of its Subsidiaries has:

(a) amended its Constating Documents or, in the case of any Subsidiary which is not a corporation, its similar organizational documents;

(b) split, combined or reclassified any shares of its capital stock or declared, set aside or paid any dividend or other distribution (whether in cash, stock or property or any combination thereof) or amended any term of any outstanding debt security;

(c) redeemed, repurchased, or otherwise acquired or offered to redeem, repurchase or otherwise acquired any shares of its capital stock or the capital stock of its Subsidiaries;

(d) entered into, or caused or suffered any acceleration, amendment, termination (partial or complete), modification or cancellation of, or granted any waiver or given any consent or release with respect to, any Contract (or series of related Contracts) providing for the payment of more than USD $50,000 in the aggregate in any 12-month period;

(e) (i) issued any note, bond or other debt security, (ii) created, incurred, assumed or guaranteed, or (iii) made any voluntary purchase, cancellation, prepayment or complete or partial discharge in advance of a scheduled payment date with respect to, or granted any waiver of any right of the Company or such Subsidiary, in each case with respect to any indebtedness involving, individually or in the aggregate, more than USD $50,000;

(f) issued, delivered, sold, pledged or otherwise encumbered, or authorized the issuance, delivery, sale, pledge or other encumbrance of any shares of its capital stock or other equity or voting interests, including the capital stock of its Subsidiaries, or any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock or other equity or voting interests, or other rights that are linked to the price or the value of Common Shares except for the issuance of Common Shares issuable upon the exercise of the Company Options;

(g) amended the terms of any of its securities, reduced the capital of any of its securities or otherwise entered into any transaction that would reduce the "paid-up capital" (within the meaning of the Tax Act) of its Common Shares;

(h) acquired (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses or made any investment either by the purchase of securities, contribution of capital, property transfer, or purchase of any other property or assets of any other Person, or acquired any license rights;

(i) made any loan or advance to (other than expense advancements in the Ordinary Course), or any capital contribution or investment in, or assumed, guaranteed or otherwise become liable with respect to the liabilities or obligations of, any Person, in each case in excess of USD$25,000 in the aggregate;

(j) made any change in the Company's methods of accounting, except as required by concurrent changes in GAAP, as required by a Governmental Entity or as disclosed in the Company Financial Statements;

(k) sold, leased, transferred, licensed, mortgaged, or otherwise disposed of any Company Assets except for (i) assets which were obsolete and which individually or in the aggregate did not exceed USD$25,000, or (ii) inventory sold in the Ordinary Course;

(l) transferred, assigned or granted any license or sublicense of any rights under or with respect to any Company Intellectual Property, other than to wholly- owned Subsidiaries;

(m) entered into any joint venture or similar agreement, arrangement or relationship;

(n) made any operating expenditure, capital expenditure or commitment to do so, except as set forth on Section 11 of the Company Disclosure Letter, disclosed in the Latest Balance Sheet or in excess of USD $150,000 individually or USD$500,000 in the aggregate;

(o) prepaid any indebtedness before its scheduled maturity or increased, created, incurred, assumed or otherwise become liable for any indebtedness or guarantees thereof;

(p) except in the Ordinary Course and as set forth on Section 11 of the Company Disclosure Letter (i) granted any bonuses, whether monetary or otherwise, or increased any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, directors, managers, independent contractors or consultants, other than as provided for in any written agreements or required by applicable Law, (ii) changed the terms of employment for, or terminated, any officer, directors, manager, key employee or group of employees, or (iii) acted to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, directors, manager, independent contractor or consultant;

(q) except in the Ordinary Course, adopted, modified or terminated any (i) employment, severance, retention or other agreement with any current or former employee, officer, directors, manager, independent contractor or consultant or (ii) Company Benefit Plan;

(r) adopted any plan of merger, consolidation, amalgamation, reorganization, liquidation or dissolution or filed a petition in bankruptcy under any provisions of federal, state or provincial bankruptcy Law or consented to the filing of any bankruptcy petition against it under any similar Law;

(s) in respect of any Company Assets, waived, released, surrendered, abandoned, let lapse, granted or transferred any material right or value or amended, modified or changed, or agreed to amend, modify or change, in any material respect, any Contract relating to the ownership or lease of the Company Real Property, any existing Authorization or any Company Intellectual Property;

(t) granted any Lien (other than Permitted Liens) on any of the Company Assets;

(u) (i) made or rescinded any material Tax election or designation, amended, in any manner adverse to the Company or the Subsidiaries, any Tax Return, settled or compromised any material liability for Taxes or changed or revoked any of its methods of Tax accounting, surrendered any right to claim a Tax refund or consent to any extension or waiver of the statute of limitations period applicable to any Tax claim or assessment or (ii) taken any action with respect to the computation of Taxes or the preparation of Tax Returns that is in any material respect inconsistent with past practice;

(v) purchased, leased or otherwise acquired the right to own, use or lease any property or assets for an amount in excess of USD$25,000, individually (in the case of a lease, per annum), or USD$250,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the Ordinary Course;

(w) entered into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;

(x) except as set forth on Section 11 of the Company Disclosure Letter, made any bonus or profit sharing distribution or similar payment of any kind;

(y) except in the Ordinary Course, as required by Law or as set forth on Section 11 of the Company Disclosure Letter: (i) increased any compensation, bonus levels, benefits, severance, change of control, termination or other pay or benefits payable (or improvements to notice or pay in lieu of notice) to (or amended any existing arrangement with) any current or former Company Employee or any current or former director or 5% or greater Company Shareholder or shareholder of any of its Subsidiaries; (ii) increased the benefits payable under any existing severance or termination pay policies with any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries; (iii) increased the benefits payable under any employment agreements with any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries; (iv) entered into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any current or former Company Employee or any current or former director of the Company or any of its Subsidiaries; (v) adopted any new Employee Plan or any amendment or modification of an existing Employee Plan; (vi) increased or agreed to increase, any funding obligation or accelerate, or agreed to accelerate, the timing of any funding contribution under any Employee Plan; (vii) granted any equity, equity-based or similar awards; or (viii) reduced the Company's or its Subsidiaries work force;

(z) entered into any agreement or arrangement that limits or otherwise restricts the Company, any of its Subsidiaries, any of their respective affiliates or any of their respective successors from engaging in any line of business or carrying on business in any geographic area or the scope of Persons to whom any such Persons may sell products or services or acquire products or services from;

(aa) entered into or amended any Contract with any broker, finder or investment banker;

(bb) cancelled, waived, released, assigned, settled or compromised any material claims or rights of the Company or its Subsidiaries;

(cc) compromised or settled any litigation, proceeding or governmental investigation relating to the assets or the business of the Company or its Subsidiaries in excess of an aggregate amount of USD$50,000;

(dd) amended or modified, or terminated or waived any right under, any Material Contract or entered into any contract or agreement that would be a Material Contract if in effect on the date hereof;

(ee) taken any action or failed to take any action which action or failure to act could result in the loss, expiration or surrender of, or the loss of any material benefit under, or could reasonably be expected to cause any Governmental Entity to institute proceedings for the suspension, revocation or limitation of rights under, any Authorizations necessary to conduct its businesses as now conducted or as proposed to be conducted, or failed to prosecute with commercially reasonable diligence any pending applications to any Governmental Entities for any Authorizations;

(ff) entered into, amended or modified any union recognition agreement, Collective Agreement or similar agreement with any trade union or representative body;

(gg) except as contemplated in Section 4.9 [*Insurance and Indemnification*], amended, modified or terminated any material insurance policy of the Company or any Subsidiary;

(hh) entered into any Contract or understanding with a Person that does not deal at arms' length with the Company and its Subsidiaries or with any director or officer of the Company or any Person that owns more than 5% of the outstanding Common Shares (or with any of such Persons' respective associates or affiliates);

(ii) materially changed its business or regulatory strategy;

(jj) entered into any Contracts with another Person to purchase a majority interest in or substantially all of the assets of another entity (or to acquire an option to purchase a majority interest in or substantially all of the assets of another entity); or

(kk) authorized, agreed, resolved or otherwise commit, whether or not in writing, to any Contract to do any of the foregoing or authorized, or taken or agreed to take (or fail to take) any action with respect to the foregoing.

12. **Absence of Undisclosed Liabilities.** The Company and each of its Subsidiaries has no liabilities or obligations of any type, whether accrued, contingent, absolute or otherwise, except for those liabilities or obligations (a) set forth on the Latest Balance Sheet and (b) which have arisen since the date of the Latest Balance Sheet in the Ordinary Course (none of which exceeds USD$25,000).

13. **Authorizations.**

(a) The Company and each of its Subsidiaries owns, manages, holds or possesses, and has complied in all material respects with, and is in compliance in all material respects with, all permits, licenses, franchises, approvals, registrations, findings of suitability, certificates of occupancy, franchises, variances, authorizations, consents, and similar rights obtained, or required to be obtained, from Governmental Entities (collectively, "**Authorizations**") which are required for the operation and ownership of the Company or such Subsidiary (collectively, "**Company Authorizations**"). Section 13(a) of the Company Disclosure Letter sets forth a complete and correct list and brief description of all Company Authorizations, and all Company Authorizations are valid and in full force and effect.

(b) The Company and each of its Subsidiaries has fulfilled and performed in all material respects its obligations under each Company Authorization, and is not in breach or default under any Company Authorization, and no written notice of cancellation, default or dispute concerning any Company Authorization, or of any event, condition or state of facts described in the preceding Paragraph 13(a), has been received by the Company or such Subsidiary in connection with the consummation of the transactions contemplated by this Agreement or otherwise. Except as set forth in Section 13(b) of the Company Disclosure Letter, all Company Authorizations will remain owned, held or possessed, as applicable, and otherwise available for use by the Company or its applicable Subsidiary immediately after the Effective Time. Neither the Company nor any of its Subsidiaries has been a party to or subject to any Action seeking to revoke, suspend or otherwise limit any Company Authorization.

14. **Title to Properties.**

(a) The Company or one of its Subsidiaries is in possession of, and has title to or a valid leasehold interest in, free and clear of all Liens other than Permitted Liens and those Liens set forth in Section 14(a) of the Company Disclosure Letter, all of the properties and assets reflected on the face of the Latest Balance Sheet or acquired after the date of the Latest Balance Sheet, in each case other than such properties or assets sold or otherwise disposed of in the Ordinary Course after the date of the Latest Balance Sheet.

(b) The facilities, machinery, equipment and other tangible assets of the Company and each of its Subsidiaries have been maintained in all material respects in accordance with normal industry practice, are in good condition and repair in all material respects (ordinary wear and tear excepted), fit for their particular purpose, and are usable in the Ordinary Course. The Company and each of its Subsidiaries owns or leases under a valid lease all facilities, machinery, equipment and other tangible assets necessary for the conduct of the Company's or its Subsidiary's business, as currently conducted.

15. **Real Property.**

(a) Section 15(a) of the Company Disclosure Letter sets forth and briefly describes all real property owned, leased, subleased, licensed to or otherwise used or occupied by the Company or any of its Subsidiaries (the "**Company Real Property**"), including with respect to each parcel of Company Real Property (i) the street address or legal description, (ii) whether the Company Real Property is leased or owned, (iii) the name of the landlord, sublandlord, licensor or grantor, as applicable, and (iv) all leases, subleases, licenses, occupancy agreements and other similar agreements (collectively hereinafter referred to as the "**Company Leases**"). The Company or such Subsidiary, as applicable, has good and marketable fee simple title to all owned Company Real Property and a good and valid leasehold interest in all leased Company Real Property.

(b) All of Company's right, title and interest in and to the Company Real Property (including leasehold interests) is free and clear of Liens, including all deeds of trust, mortgages, liens, encumbrances, restrictions, assessments (including, without limitation, any assessments payable in installments, all of which installments have not been paid), encroachments and easements, except the Permitted Liens and those Liens set forth in Section 15(b) of the Company Disclosure Letter.

(c) The Company has made available to the Purchaser correct and complete copies, or, if oral, a reasonably complete and accurate written description, of each of the Company Leases. Each Company Lease is legal, valid, binding, enforceable and in full force and effect with respect to the Company or one of its Subsidiaries, as applicable, and, to the Company's knowledge, with respect to each other parties thereto. To the Company's knowledge, neither the Company nor any of its Subsidiaries is in default under any Company Lease, and there are no facts or circumstances currently existing which, if known by any the other party or parties to a Company Lease, with or without the giving of notice, passage of time or both, would constitute a default by the Company or such Subsidiary under any Company Lease. To the Company's knowledge, no other party to any Company Lease is in default under any the Company Lease, and there are no facts or circumstances currently existing which, if known by the Company or any of its Subsidiaries, with or without the giving of notice, passage of time or both, would constitute a default by such other party under the Company Lease.

(d) With respect to each parcel of Company Real Property, (i) the Company or one of its Subsidiaries is now in possession of the Company Real Property, neither the Company nor any of its Subsidiaries has received written notice that any condemnation or eminent domain action against the Company Real Property is pending or threatened, (iii) there are no subleases, licenses, or other third party use or occupancy rights with respect to the Company Real Property, except where such rights are a recorded encumbrance on title, and (iv) there are no outstanding amounts payable by the Company or any of its Subsidiaries with respect to any Company Lease, other than the rental payments that are not past-due and expressly set forth in the applicable Company Lease (subject to ordinary course rental adjustments that may have taken place from time to time, as contemplated in the applicable Company Lease).

(e) Except as set forth in Section 15(e) of the Company Disclosure Letter, to the Company's knowledge, all of the building, structures and improvements located on the Company Real Property are, taken as a whole, suitable for the purposes for which they are currently used with respect to the business of the Company and its Subsidiaries and in good operating condition and repair, reasonable wear and tear excepted. The Company Real Property constitutes all real property currently used by the Company or any of its Subsidiaries with respect to the business of the Company and its Subsidiaries.

(f) No Person has any right of first offer, right of first refusal, option or similar right, or any other legal or equitable right, remedy or claim, to purchase or otherwise acquire any of the Company Real Property that have not been validly waived in writing.

16. **Taxes.**

(a) Except as set forth in Section 16(a) of the Company Disclosure Letter, the Company is, and at all times since its inception has been, properly classified as a corporation for Canadian and U.S. federal and applicable state and local income tax purposes. Except as set forth in Section 16(a) of the Company Disclosure Letter, each of the Subsidiaries of the Company is, and at all times since its inception has been, properly classified, for United States federal and applicable state and local income tax purposes, as a disregarded entity separate from the Company.

(b) (i) all income Tax Returns and other Tax Returns required to be filed by the Company and each of the Subsidiaries prior to the date hereof have been timely filed with the appropriate Governmental Entities, including applicable extensions; (ii) such Tax Returns were true, complete and correct in all material respects; and (iii) all income and other Taxes due and owing by the Company and each of the Subsidiaries (whether or not shown on any Tax Return) have been timely paid, other than those which are being or have been contested in good faith and in respect of which reserves have been provided for in the Company Financial Statements. The Company and each of the Subsidiaries is not currently the beneficiary of any extension of time within which to file any Tax Return.

(c) The Company and each of the Subsidiaries has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, equityholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law. The Company and each Subsidiary has remitted all Canada Pension Plan contributions, employee health taxes and other Taxes payable or required to be withheld and remitted by it in respect of its employees to the applicable Governmental Authority.

(d) Neither the Company nor any of the Subsidiaries has received a claim in writing from any taxing authority in any jurisdiction where the Company or any of the Subsidiaries does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction. No extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes of the Company or any of the Subsidiaries.

(e) All deficiencies asserted, or assessments made, against the Company or any of the Subsidiaries as a result of any examinations by any taxing authority have been fully paid, or are reflected as a liability in the Company Financial Statements, or are being contested in good faith and an adequate reserve therefor has been established and is reflected in the Company Financial Statements.

(f) To the knowledge of the Company, neither the Company nor any of the Subsidiaries is a party to any proceeding, investigation, audit or claim by any taxing Governmental Entity. Neither the Company nor any of the Subsidiaries has received written notice of any pending or threatened proceeding, investigation, audit or claim by any taxing Governmental Entity against the Company or any of the Subsidiaries. To the knowledge of the Company there are no matters under discussion, audit, or appeal with any taxing authority related to Taxes.

(g) There are no Liens for Taxes (other than Permitted Liens) upon the assets of the Company or any of the Subsidiaries.

(h) Neither the Company nor any of the Subsidiaries is a party to, or bound by, any Tax indemnity, Tax sharing, Tax allocation or similar agreement other than a commercial contract of which the principal purpose is not a Tax.

(i) Neither the Company nor any of the Subsidiaries has participated in any "reportable transaction" within the meaning of Section 6707A of the Code or Section 1.6011-4(b) of the Treasury Regulations.

(j) No private letter rulings, technical advice memoranda, advance tax rulings or agreements or similar agreements or rulings have been requested, entered into or issued by any taxing authority with respect to the Company or any of the Subsidiaries.

(k) Except as set forth on Section 16(a) of the Company Disclosure Letter, neither the Company nor any of the Subsidiaries has been a member of an affiliated, combined, consolidated or unitary Tax group for United States Tax purposes. Neither the Company nor any of the Subsidiaries has any liability for Taxes of any Person (other than the Company or the Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or non-U.S. Law), as transferee or successor, by contract, indemnity or otherwise.

(l) Neither the Company nor any of its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Effective Date as a result of any (i) change in method of accounting (or improper use of an accounting method) for a taxable period ending on or prior to the Effective Date; (ii) "closing agreement" as described in section 7121 of the Code (or any corresponding provision of state, local or non-U.S. Tax law) entered into on or prior to the Effective Date, (iii) instalment sale or open transaction disposition made on or prior to the Effective Date (iv) prepaid amount received on or prior to the Effective Date or (v) any other transaction, agreement, event or activity which occurred on or prior to the Effective Date.

(m) The Company and each of the Subsidiaries has timely and properly collected all sales, use, goods and services, provincial sales, harmonized sales, value-added and similar Taxes required to be collected, and has remitted on a timely basis such amounts to the appropriate Governmental Entity. The Company and each of the Subsidiaries has timely and properly requested, received and retained all necessary exemption certificates.

(n) Neither the Company nor any of the Subsidiaries has filed any amended Tax Return or other claim for a refund as a result of, or in connection with, the carry back of any net operating loss or other attribute to a year prior to the taxable year including the Effective Date under Section 172 of the Code, as amended by Section 2303 of the Coronavirus Aid, Relief and Economic Security Act, as signed into law by the President of the United States on March 27, 2020 (the "**CARES Act**"), or any corresponding or similar provision of state, local or non-U.S. Law.

(o) Neither the Company nor any of its Subsidiaries has taken any Tax deduction that is not permitted under Section 280E of the Code.

(p) Neither the Company nor any of its Subsidiaries has taken any action or knowingly failed to take any action that would prevent the Acquisition from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

(q) Neither the Company nor any of its Subsidiaries has (i) elected to defer the payment of any "applicable employment taxes" (as defined in section 2302(d)(1) of the CARES Act) pursuant to the CARES Act. The Company and each of the Subsidiaries has (i) to the extent applicable, complied in all material respects with applicable Law and duly accounted for any available Tax credits under Sections 7001 through 7005 of the Families First Act, and (iii) has not received or claimed any Tax credits under Section 2301 of the CARES Act.

(r) The Company is not and has never been a "controlled foreign corporation" within the meaning of Section 957 of the Code or a "passive foreign investment company" within the meaning of Section 1297 of the Code.

(s) The Company is a "taxable Canadian corporation", as that term is defined in subsection 89(1) of the Tax Act. The Company is not treated as a U.S. corporation for U.S. federal income tax purposes and is not treated as a "surrogate foreign corporation" pursuant to Section 7874 of the Code.

(t) There are no facts, transactions, circumstances or events that have resulted or which could result in the application to the Company or any Subsidiary of sections 17, 78, 80, 80.01, 80.02, 80.03, or 80.04 of the Tax Act or any analogous provision of any comparable Law relating to Taxes.

(u) The Company and each Subsidiary has not, directly or indirectly, acquired property or services from, or disposed of property to, a non-arm's length Person (within the meaning of the Tax Act) for consideration, the value of which is less than the fair market value of the property or services, as the case may be.

(v) The Company and each Subsidiary has not claimed any amount under the Canada Emergency Wage Subsidy, Temporary Wage Subsidy, Canada Emergency Rent Subsidy or any other COVID-19 related assistance or subsidies that it was not otherwise entitled to claim in respect of any period (or portion thereof) ending on or prior to the Effective Date.

(w) The Company has not elected under the Tax Act to report its Canadian tax results in a currency other than Canadian dollars.

(x) Neither the Company nor any of its Subsidiaries is or has been a "United States real property holding corporation" (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code. . The Company does not hold any United States real property interests (as defined in Section 897(c) of the Code).

(h)

(y) Neither the Company nor any of its Subsidiaries has made an election under Section 897(i) of the Code.

(z) To the Company's knowledge, the Company and each of the Subsidiaries has complied in all material respects with the transfer pricing provisions of each applicable Law relating to Taxes, including the contemporaneous documentation and disclosure requirements thereunder.

(aa) The Company and its Subsidiaries have provided adequate accruals in accordance with applicable accounting standards in its books and records and in the most recently published consolidated financial statements of the Company for any Taxes of the Company and each of the Subsidiaries for the period covered by such financial statements that have not been paid, whether or not shown as being due on any Tax Returns. Since such publication date, no liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the Ordinary Course.

17. **Intellectual Property.** The Company or one of its Subsidiaries, as applicable, own or possess sufficient legal rights to all Intellectual Property that is owned or used by the Company or such Subsidiary in the conduct of the business of the Company and its Subsidiaries as now conducted and as presently proposed to be conducted (the "**Company Intellectual Property**"), without, to the Company's knowledge, any conflict with, or infringement of, the rights of others. Section 17 of the Company Disclosure Letter lists the particulars of all Company Intellectual Property including any licenses under which the Company is granted any rights to use any Company Intellectual Property it does not own. All Company Intellectual Property owned by the Company and each of its Subsidiaries is valid, enforceable and in good standing and all registrations relating thereto have been kept renewed and are in full force and effect. To the Company's knowledge, no product or service marketed or sold (or proposed to be marketed or sold) by the Company of any of its Subsidiaries violates (or will violate) any license or infringes (or will infringe) any intellectual property rights of any other Person. Neither the Company nor any of its Subsidiaries has received any communications alleging that the Company or such Subsidiary has violated, or by conducting the business of the Company and its Subsidiaries would violate, any Intellectual Property of any other Person. The Company and each of its Subsidiaries has obtained and possesses valid licenses to use all of the software programs present on the computers and other software-enabled electronic devices that it owns or leases or that it has otherwise provided to its employees for their use in connection with the business of the Company and its Subsidiaries.

18. **Inventory.** The inventories on hand of raw materials, ingredients or finished goods held for sale or consumption by the Company and its Subsidiaries in connection with the business of the Company and its Subsidiaries (a) consist of good and saleable items of a quality usable or saleable consistent with good and accepted practices in the cannabis industry and in the Ordinary Course consistent with past practice; (b) are of quantities usable or saleable consistent with good and accepted practices in the cannabis industry and in the Ordinary Course consistent with past practice; (c) are not spoiled, damaged or contaminated, except for items that have been written off or written down to fair market value or for which adequate reserves have been established on the Company's Latest Balance Sheet; (d) to the Company's knowledge, were cultivated, harvested, produced, tested, handled and delivered in accordance with all applicable Laws (except for the Federal Cannabis Laws) in all material respects; and (e) do not contain any prohibited pesticides, contaminants or any other substance prohibited by any Law. Such inventories on hand are consistent with the levels of inventories that historically have been maintained by the Company and its Subsidiaries in the Ordinary Course. No recalls or withdrawals of products developed, produced, distributed or sold by any Company or any of the Subsidiaries have been required or suggested by any Governmental Entity with respect to the products supplied by any Company or any of the Subsidiaries.

19. **Material Contracts.**

(a) Section 19(a) of the Company Disclosure Letter lists each Material Contract.

(b) Each Material Contract is valid and binding on the Company or a Subsidiary of the Company, as applicable, in accordance with its terms and is in full force and effect. Neither the Company nor any of its Subsidiaries, as applicable, nor to the Company's knowledge any other party thereto, is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Material Contract. No condition exists and no event has occurred or, to the Company's knowledge, is threatened, which, after the giving of notice, with lapse of time, or otherwise, would constitute any such breach or default by the Company or any of its Subsidiaries or any other party under the Material Contract. Complete and correct copies of each Material Contract (including all modifications, amendments, and supplements thereto and waivers thereunder) have been made available to the Purchaser.

20. **Insurance.** Section 20 of the Company Disclosure Letter sets forth, with respect to the Company, each of its Subsidiaries and the business of the Company and its Subsidiaries, (a) a true and complete list of all insurance policies and (b) a list of pending claims and claims history. To the Company's knowledge, there are no claims related to the Company, any of its Subsidiaries or the business of the Company and its Subsidiaries pending under any such insurance policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. Neither the Company nor any of its Subsidiaries has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, such insurance policies. No premium payments are delinquent with respect to such insurance policies. None of such insurance policies have been subject to any lapse in coverage.

21. **Employee Matters; Employee Benefits.**

(a) To the Company's knowledge, no employees of the Company or any of its Subsidiaries are obligated under any Contract (including licenses, covenants or commitments of any nature), or subject to any Governmental Order, that would interfere in any material respect with such employee's ability to promote the interest of the Company or any of its Subsidiaries or that would conflict with the business of the Company and its Subsidiaries.

(b) Neither the Company nor any of its Subsidiaries is delinquent in payments to any of its employees, consultants, or independent contractors for any wages, salaries, commissions, bonuses, or other direct compensation for any service performed for it to the date of this Agreement or amounts required to be reimbursed to such employees, consultants or independent contractors. The Company and each of its Subsidiaries has complied, and is in compliance, in all material respects with all applicable state and federal equal employment opportunity Laws and with other Laws related to employment, including those related to wages, hours, worker classification and collective bargaining. The Company and each of its Subsidiaries has withheld and paid to the appropriate Governmental Entity, or is holding for payment not yet due to such Governmental Entity, all amounts required to be withheld from employees of the Company or such Subsidiary and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing.

(c) Section 21(c) of the Company Disclosure Letter sets forth each employee benefit plan maintained, established or sponsored by the Company or any of its Subsidiaries, or which the Company or of its Subsidiaries participates in or contributes to, which is subject to ERISA (each, a "**Company Benefit Plan**"). The Company and each of its Subsidiaries has made all required contributions to, and has no liability under, any Company Benefit Plan, other than liability for health plan continuation coverage described in Part 6 of Title I(B) of ERISA, and has complied in all material respects with all Laws applicable to the Company Benefit Plans.

(d) Except as set forth in Section 21(d) of the Company Disclosure Letter, no officer, director, manager, key employee, or group of employees of the Company or any of its Subsidiaries has notified the Company or such Subsidiary of such Person's or group's intent to terminate employment with the Company or such Subsidiary, as applicable. There are no pending or, to the Company's knowledge, threatened Actions between the Company or of its Subsidiaries, on the one hand, and any employee, former employee, consultant or other independent contractor of the Company or such Subsidiary or any labor union or similar labor organization, on the other hand. Neither the Company nor any of its Subsidiaries is party to any collective bargaining agreement or collective bargaining relationship with any labor union or similar labor organization. The Company and each of its Subsidiaries has complied in all material respects with all Laws relating to the employment of labor. To the Company's knowledge, all independent contractors of or to the Company or any of its Subsidiaries are properly classified as such under applicable Law.

(e) The Company has made available to the Purchaser all written Contracts in relation to the employees of the Company or any of its Subsidiaries and a summary, including key provisions, of all such Contracts is set forth in Section 21(e) of the Company Disclosure Letter.

(f) Except as disclosed in Section 21(f) of the Company Disclosure Letter, there are no (i) severance, compensation, change of control, employment, retention or other Contracts or benefit plans with current or former employees or independent contractors providing for cash or other compensation, benefits or acceleration of benefits upon the consummation of, or relating to, the transactions contemplated by this Agreement, including a change of control of the Company or any of its Subsidiaries, and (ii) no employee of the Company or any of its Subsidiaries has any agreement or arrangement as to length of notice or severance or termination payment required to terminate his or her employment other than such as results by Law from the employment of an employee without an agreement as to notice or severance.

22. **Environmental Matters.** The Company and each of its Subsidiaries has obtained, has complied in all material respects with, and is in material compliance with, all Authorizations that are required for the occupation of its facilities and the ownership and operation of its business under applicable environmental Laws. Neither the Company nor any of its Subsidiaries has treated, stored, handled, transported, released or disposed of any substance, arranged for or permitted the disposal of any substance, exposed any Person to any substance or condition, or owned or operated the business of the Company and its Subsidiaries or any property or facility (and no such property or facility is contaminated by any substance) so as to give rise to any liability to the Company or such Subsidiary, including any corrective or remedial obligation under any environmental Laws. The Company and each of its Subsidiaries has complied in all material respects with, and is in material compliance with, all environmental Laws. No Action has been filed or commenced against the Company or any of its Subsidiaries with respect to, or under, any environmental Laws. No notice, report or other information has been received by the Company or any of its Subsidiaries alleging any failure to comply with, or any liability under, any environmental Laws.

23. **Privacy.**

(a) The Company has written privacy policies which govern the collection, use, disclosure and processing of personal information and the Company is in compliance with such policies.

(b) The Company is and has at all times been in full compliance with all applicable privacy laws. To the extent required by applicable privacy laws, all personal information has been collected, used and disclosed with the consent of each individual to whom such personal information relates and has been used only for the purposes for which it was collected.

(ii) To the Company's knowledge, the Company has never been the subject of (i) any loss or theft of, or unauthorized access, use or disclosure of, personal information; (ii) any complaints or claims regarding the collection, use, disclosure or processing of personal information or the actual or alleged violation of any privacy law; or (iii) any investigation, audit or other inquiry from a Governmental Entity, regarding the Company's collection, use, disclosure or processing of personal information under any privacy law.

24. **Affiliate Transactions.** Except as set forth in Section 24 of the Company Disclosure Letter, (a) there are no Contracts or outstanding liabilities between the Company or any of its Subsidiaries, on the one hand, and any current or former 5% or greater Company Shareholder, any director, manager, officer or employee of the Company or any of its Subsidiaries or any affiliate or associate of any such Person (each, a "**Related Party**"), on the other hand (each, a "**Company Related Party Transaction**"), other than for (i) payment of Ordinary Course salaries and bonuses for services rendered in accordance with the Company's or such Subsidiary's Company Benefit Plans or (ii) reimbursement of Ordinary Course and reasonable out-of-pocket expenses incurred on behalf of and in accordance with the written policies of the Company or such Subsidiary, (b) each Company Related Party Transaction is on an arms-length basis and can be terminated by the Company or such Subsidiary without premium, penalty or prior notice, (c) neither the Company nor any of its Subsidiaries provides, or causes to be provided, any material assets, services or facilities to any Related Party, (d) no Related Party provides, or causes to be provided, any material assets, services or facilities to the Company or any Subsidiary of the Company, and (e) neither the Company nor any Subsidiary of the Company beneficially owns, directly or indirectly, any interests or investment assets of any Related Party.

25. **Competition Act.** As calculated in accordance with the Competition Act and the regulations thereto, the assets in Canada of the Company and its Subsidiaries: (a) have a book value of less than $93 million; and (b) generate gross annual revenues from sales in or from Canada of less than $93 million.

26. **Bank Accounts; Powers of Attorney.** Set forth in Section 27 of the Company Disclosure Letter is a list of (a) each bank, trust company and stock or other broker with which the Company or any of its Subsidiaries has an account, credit lien or safe deposit box or vault, or otherwise maintains a relationship, including a listing of account numbers with each such institution (collectively, the "**Company Bank Accounts**"), (b) all Persons authorized to draw on, or to have access to, each of the Company Bank Accounts, and (c) all Persons authorized by proxies, powers of attorney or other like instruments to act on behalf of the Company or such Subsidiary.

27. **Books and Records.** The minute books and records of the Company and its Subsidiaries, all of which are in the possession of the Company, are complete and correct in all material respects and have been made available to the Purchaser.

28. **Collateral Benefits.** No Related Party of the Company together with its associated entities, beneficially owns or exercises control or direction over 1% or more of the outstanding Common Shares, except for related parties who will not receive a "collateral benefit" (within the meaning of MI 61-101) as a consequences of the transactions contemplated by this Agreement, including the Arrangement.

Fairness Opinions. The Company's Board has received final, executed versions of the Fairness Opinions.

SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

1. **Organization and Qualification.** The Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the Province of British Columbia. The Purchaser has all necessary corporate power and authority to own, lease and operate its properties, and to carry on its business as now conducted, except as set forth under Federal Cannabis Laws. The Purchaser is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it, or the operation of the business of the Purchaser as currently conducted, makes such licensing or qualification necessary, except where the failure to be so licensed, qualified or in good standing would not have a Purchaser Material Adverse Effect.

2. **Authority; Approval.** The Purchaser has all necessary corporate power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby, including the Arrangement. This Agreement has been duly executed and delivered by the Purchaser, and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms and conditions, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general equitable principles and Federal Cannabis Laws. The board of directors of the Purchaser has unanimously approved the execution and delivery of this Agreement and the performance by the Purchaser of its obligations under this Agreement, in each case in accordance with the BCBCA and the Constating Documents of the Purchaser. No further act or proceeding on the part of the Purchaser or its board of directors is necessary to authorize the execution, delivery and performance of this Agreement.

3. **No Conflicts; Consents.**

   (a) Neither the execution and the delivery by the Purchaser of this Agreement, nor the consummation of the transactions contemplated hereby, including the Arrangement, (a) violate or conflict with any provisions of the Constating Documents of the Purchaser, (b) violate, conflict with or result in a violation of, or constitute a default (whether after the giving of notice, lapse of time or both) under any provision of any Law or Governmental Order to which the Purchaser or any of their properties or assets are subject, except for Federal Cannabis Laws or (c) violate, conflict with or result in a breach of any provision of, constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, result in or create in any Person the right to, accelerate, terminate, modify or cancel, require any notice under, or result in the imposition or creation of a Lien upon or with respect to any of the common shares or assets of the Purchaser, any Contract of the Purchaser or or Authorization of the Purchaser, except, in the case of clauses (b) and (c), as would not have a Purchaser Material Adverse Effect.

(b) Except as set forth in Section 3(b) of the Purchaser Disclosure Letter, no consent, approval, Authorization, Governmental Order or registration, declaration or filing with, any Governmental Entity or other Person is required to be obtained or made by or on behalf of the Purchaser or any of its Subsidiaries in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except (i) the Interim Order and any filings required in order to obtain the Interim Order, (ii) the Final Order, and any filings required in order to obtain the Final Order, (iii) filings with the registrar under the BCBCA in connection with the Arrangement, (iv) filings with the Securities Authority and the CSE and (v) any consents, approvals, Authorizations, Governmental Orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not have a Purchaser Material Adverse Effect. The Purchaser has not received any written or oral notice from any Governmental Entity indicating that such Governmental Entity would oppose or not promptly grant or issue its consent or approval, if requested, with respect to the transactions contemplated by this Agreement.

4. **Legal Proceedings.** Except as set forth Section 4 of the Purchaser Disclosure Letter, there is no Action or series of related Actions, whether written or oral, pending or, to the Purchaser's knowledge, threatened against, related to or affecting the Purchaser or any of its Subsidiaries, properties or assets, or any of their directors, managers or officers (in each case in their capacities as such), at law or in equity by or before a third Person or a Governmental Entity (a) with respect to the transactions contemplated by this Agreement or (b) otherwise, except in the case of this clause (b), as would not have a Purchaser Material Adverse Effect. The Purchaser has not received notice of, and to the Purchaser's knowledge there has not been, any accident, happening or event which is or has been caused or allegedly caused by, or otherwise involves, the Purchaser or any of its Subsidiaries, in each case that is reasonably likely to result in or serve as a basis for a future Action or loss, except as would not have a Purchaser Material Adverse Effect or except as set out in the Purchaser Filings. Except as set forth in the Purchaser Filings or except as would not have a Purchaser Material Adverse Effect, neither the Purchaser nor any of its Subsidiaries is subject to or bound by any settlement or conciliation agreement. There are no Governmental Orders outstanding against or affecting the Purchaser or any of its Subsidiaries, properties or assets, or against or affecting any director, manager, officer or employee of the Purchaser or any of its Subsidiaries that would have a Purchaser Material Adverse Effect.

5. **Compliance with Laws.**

(a) Except for the Federal Cannabis Laws, the Purchaser and each of its Subsidiaries has complied in all material respects, and is now complying in all material respects, with all Laws applicable to the business of the Purchaser and its Subsidiaries or the properties or assets of the Purchaser or its Subsidiaries.

(b) The Purchaser and each of its Subsidiaries is in compliance in all respects with all Laws and regulatory systems controlling the cultivation, harvesting, production, handling, storage, distribution, sale, and possession of cannabis or medical marijuana, except where the absence of such compliance would not, in the aggregate, have a Purchaser Material Adverse Effect. Neither the Purchaser nor any of its Subsidiaries import or export cannabis products, from or to, any foreign country.

(c) The Purchaser is in compliance in all material respects with applicable Securities Laws.

(d) The operations of the Purchaser and each of its Subsidiaries are, and have been conducted, in compliance in all material respects with all financial record keeping and reporting requirements, the applicable anti-money laundering statutes of all jurisdictions where the Purchaser or such Subsidiary conducts business, the rules and regulations thereunder and any related or similar rules, regulations, or guidelines issued, administered, or enforced by any Governmental Entity. No Action involving the Purchaser or any of its Subsidiaries with respect to Anti- Money Laundering Laws is pending or, to the Purchaser's knowledge, threatened.

(e) To the Purchaser's knowledge, no director, manager, officer, agent, employee, affiliate or other Person associated with or acting on behalf of the Purchaser or any of its Subsidiaries has (i) used any funds of the Purchaser or such Subsidiary for any unlawful contribution, gift, entertainment, or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic Governmental Entity or regulatory official or employee; (iii) made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment; or (iv) violated any provision of the United States Foreign Corrupt Practices Act of 1977, the *Corruption of Foreign Public Officials Act* (Canada) any other anti-bribery or anti-corruption statute or regulation.

6. **Securities Laws Matters.** The Purchaser is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "**Purchaser Reporting Jurisdictions**"). The common shares of the Purchaser are listed and posted for trading on the CSE. Except as set forth in Section 6 of the Purchaser Disclosure Letter, the Purchaser is not subject to any continuous or periodic, or other disclosure requirements under any securities laws in any jurisdiction except in respect of the Purchaser in the Purchaser Reporting Jurisdictions. The Purchaser has not taken any action to cease to be a reporting issuer in the Purchaser Reporting Jurisdictions, nor has the Purchaser received notification from any applicable securities regulatory authorities seeking to revoke the reporting issuer status of the Purchaser. No delisting, suspension of trading or cease trade or other order or restriction with respect to any securities of the Purchaser is pending, in effect, has been threatened, or is expected to be implemented or undertaken, and the Purchaser is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. The Purchaser has filed all documents and information required to be filed by it, whether pursuant to applicable Securities Laws or otherwise, on SEDAR and with applicable securities regulatory authorities, except where non- compliance would not be material and adverse to the Purchaser. The Purchaser has not made any confidential filings with any securities regulatory authorities that, as at the date of this Agreement, are not publicly available. As of the time each Purchaser Filing was filed on SEDAR or with the applicable securities regulatory authority (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) such Purchaser Filing complied in all material respects with applicable Securities Laws; and (ii) none of the Purchaser Filings contained any Misrepresentation. Other than the transactions contemplated by this Agreement, there is no "material fact" or "material change" (as those terms are defined in under applicable Securities Laws) in the affairs of the Purchaser that has not been generally disclosed to the public.

7. **Financial Statements.**

(a) Included in the Purchaser Filings are true and complete copies of (collectively, the "**Purchaser Financial Statements**") (i) the audited consolidated financial statements of the Purchaser as of and for the fiscal years ended December 31, 2019 and December 31, 2020 and (ii) the unaudited consolidated financial statements of the Purchaser as of and for the three and nine month period ended September 30, 2021.

(b) The Purchaser Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods involved, subject to, in the case of the interim Purchaser Financial Statements, normal and recurring year-end adjustments (in each case the effect of which will not be materially adverse) and the absence of notes that, if presented, would not differ materially from those presented in the audited Purchaser Financial Statements. The Purchaser Financial Statements (including in all cases the notes thereto, if any) have been prepared from, and are consistent with, the books and records of the Purchaser and accurately present in all material respects the financial condition and results of operations of the Purchaser as of the times and for the periods referred to therein.

(c) There has been no fraud, whether or not material, involving management or other Purchaser Employees who have a significant role in the internal control over financial reporting of the Purchaser and the preparation of the Purchaser Financial Statements. The Purchaser has received no (i) complaints from any source regarding accounting, internal accounting controls or auditing matters or (ii) expressions of concern from Purchaser Employees, directors of the Purchaser or the Purchaser's auditors regarding questionable accounting or auditing matters.

8. **Capitalization.**

(a) The authorized capital of the Purchaser consists of (i) an unlimited number of Restricted Voting Shares, and (ii) an unlimited number of Purchaser Shares. As of December 17, 2021, there were an aggregate of nil Restricted Voting Shares and an aggregate of 198,671,284 Purchaser Shares outstanding. The outstanding Purchaser Shares are, and all Purchaser Shares permitted to be issued under this Agreement prior to the Effective Time will be, when issued, (i) issued in compliance with applicable Laws, and not issued in violation of the Purchaser's Constating Documents or any other Contract to which the Purchaser is a party, (ii) duly authorized, validly issued, fully-paid and non-assessable and (iii) held by the owner thereof free and clear of all Liens.

(b) Except as set forth in Section 7(b) of the Purchaser Disclosure Letter, (i) the Purchaser has no outstanding Purchaser Derivative Securities, (ii) the Purchaser does not have outstanding, authorized, or in effect any stock appreciation, phantom stock, profit participation or similar rights, and (iii) there are no voting trusts, shareholder rights plans, shareholder agreements, proxies or other agreements, understandings or obligations in effect with respect to the voting, transfer or sale (including any rights of first refusal, rights of first offer or drag-along rights), issuance (including any preemptive or anti-dilution rights), redemption or repurchase (including any put or call or buy-sell rights), or registration (including any related lock-up or market standoff agreements) of any ownership interests of the Purchaser. All Purchaser Derivative Securities, the material terms of which are set forth in Section 7(b) of the Purchaser Disclosure Letter, were issued in compliance with applicable Laws and were not issued in violation of the Purchaser's Constating Documents or any Contract to which the Purchaser is a party.

9. **Absence of Certain Changes.** Since September 30, 2021, except as expressly contemplated by this Agreement, there has not occurred a Purchaser Material Adverse Effect.

10. **Consideration**. The Purchaser Shares to be issued pursuant to the Arrangement have been, or will be, duly authorized and reserved for issuance and, upon issuance, will be validly issued as fully paid and non-assessable shares in the capital of the Purchaser.

11. **U.S. Securities Law Matters.**

(a) The Purchaser (i) is not registered or required to be registered, and (ii) after giving effect to the Arrangement at the Effective Time will not be required to register, as an "investment company" pursuant to the United States Investment Company Act of 1940, as amended.

12. **Taxes.**

(a) (i) All material income Tax Returns and other Tax Returns required to be filed by the Purchaser and each Subsidiary of the Purchaser prior to the date hereof have been timely filed with the appropriate Governmental Entities, including applicable extensions; (ii) such Tax Returns were true, complete and correct in all material respects; and (iii) all material income and other Taxes due and owing by the Purchaser and each Subsidiary of the Purchaser (whether or not shown on any Tax Return) have been timely paid, other than those which are being or have been contested in good faith and in respect of which reserves have been provided for in the Purchaser Financial Statements. Neither the Purchaser nor any Subsidiary of the Purchaser is currently the beneficiary of any extension of time within which to file any Tax Return.

(b) The Purchaser and each Subsidiary of the Purchaser has withheld and paid each material Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, equityholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) All deficiencies asserted, or assessments made, against the Purchaser or any Subsidiary of the Purchaser as a result of any examinations by any taxing authority have been fully paid, or are reflected as a liability in the Purchaser Financial Statements, or are being contested in good faith and an adequate reserve therefor has been established and is reflected in the Purchaser Financial Statements.

(d) Except as set forth in Section 11(d) of the Purchaser Disclosure Letter, to the Purchaser's knowledge, neither the Purchaser nor any Subsidiary of the Purchaser is a party to any proceeding, investigation, audit or claim by any taxing authority. Except as set forth in Section 11(d) of the Purchaser Disclosure Letter, neither the Purchaser nor any Subsidiary of the Purchaser has received written notice of any pending or threatened proceeding, investigation, audit or claim by any taxing authority against the Purchaser which has not been resolved or settled.

(e) There are no material Liens for Taxes (other than Permitted Liens) upon the assets of the Purchaser or any Subsidiary of the Purchaser.

(f) The Purchaser and each Subsidiary of the Purchaser has timely and properly collected all material sales, use, value-added and similar Taxes required to be collected, and has remitted on a timely basis such amounts to the appropriate Governmental Entity. The Purchaser and each Subsidiary of the Purchaser has timely and properly requested, received and retained all necessary exemption certificates.

(g) The Purchaser is a "taxable Canadian corporation", as that term is defined in subsection 89(1) of the Tax Act.

(h) The Purchaser Shares (other than the Restricted Voting Shares) are listed on a "designated stock exchange", as that term is defined in subsection 248(1) of the Tax Act.

(i) The Purchaser is treated as a U.S. corporation for U.S. federal income tax purposes.

13. **Authorizations.** The Purchaser and each of its Subsidiaries owns, manages, holds or possesses, and has complied in all material respects with, and is in compliance in all material respects with, all Authorizations which are required for the operation of the business of the Purchaser and each of its Subsidiaries and for the ownership and operation of the assets of the Purchaser, except as would not have a Purchaser Material Adverse Effect. The Purchaser has fulfilled and performed in all material respects its obligations under each such Authorization and is not in breach or default under any such Authorization, and no written notice of cancellation, default or dispute concerning any such Authorization has been received by the Purchaser in connection with the consummation of the transactions contemplated by this Agreement or otherwise, in each case, except as would not have a Purchaser Material Adverse Effect. The Purchaser is not a party to or subject to any Action seeking to revoke, suspend or otherwise limit any such Authorization.

SCHEDULE E

FORM OF VOTING AND SUPPORT AGREEMENT

See attached.

VOTING AND SUPPORT AGREEMENT

THIS VOTING AND SUPPORT AGREEMENT is made as of December 20, 2021

BETWEEN

The person executing this Agreement as "the Shareholder" (the "**Shareholder**")

- and -

PLANET 13 HOLDINGS INC., a corporation existing under the laws of the Province of British Columbia (the "**Purchaser**")

RECITALS:

WHEREAS, in connection with an arrangement agreement between the Purchaser and Next Green Wave Holdings Inc., a corporation existing under the laws of the Province of British Columbia (the "**Company**"), dated the date hereof (as may be amended, modified or supplemented from time to time in accordance with its terms, the "**Arrangement Agreement**"), a copy of which has been provided to the Shareholder, the Purchaser is proposing to acquire all of the issued and outstanding common shares of the Company (the "**Common Shares**"), subject to the terms and conditions set forth in the Arrangement Agreement;

AND WHEREAS, it is contemplated that the proposed transaction will be effected pursuant to a statutory plan of arrangement (the "**Arrangement**") under the provisions of the *Business Corporations Act* (British Columbia);

AND WHEREAS the Purchaser is entering into agreements with certain holders of Common Shares of the Company (the "**Supporting Company Shareholders**") on the same terms and conditions as set out herein (collectively, the "**Voting and Support Agreements**");

AND WHEREAS, the Shareholder is the beneficial owner, directly or indirectly, of, or exercises control or direction over, the Subject Securities listed in Schedule A hereto;

AND WHEREAS, this Agreement sets out, among other things, the terms and conditions of the agreement of the Shareholder to abide by the covenants in respect of the Subject Securities and the other restrictions and covenants set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1. Definitions

Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Arrangement Agreement. In this Agreement, including the recitals:

"**affiliate**" of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly, and "control" and any derivation thereof means the holding of voting securities of another Person sufficient to elect a majority of the board of directors (or the equivalent) of such Person;

"**Agreement**" means this voting and support agreement dated as of the date hereof between the Shareholder and the Purchaser as it may be amended, modified or supplemented from time to time in accordance with its terms;

"**Arrangement**" has the meaning ascribed thereto in the recitals hereof;

"**Arrangement Agreement**" has the meaning ascribed thereto in the recitals hereof;

"**Company**" has the meaning ascribed thereto in the recitals hereof;

"**Common Shares**" has the meaning ascribed thereto in the recitals hereof;

"**Expiry Time**" has the meaning ascribed thereto in Section 3.1(a);

"**Notice**" has the meaning ascribed thereto in Section 4.8;

"**Parties**" means the Shareholder and the Purchaser, and "**Party**" means any one of them;

"**Purchaser**" has the meaning ascribed thereto in the preamble hereof;

"**Shareholder**" has the meaning ascribed thereto in the preamble hereof; and

"**Subject Securities**" means the Common Shares and other securities listed on Schedule A hereto and any Common Shares acquired directly or indirectly by the Shareholder or any of its affiliates subsequent to the date hereof, and includes all securities which such securities may be converted into, exchanged for or otherwise changed into.

1.2. Gender and Number

Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

1.3. Currency

All references to dollars or to $ are references to Canadian dollars.

1.4. Headings

The division of this Agreement into Articles, Sections and Schedules and the insertion of the recitals and headings are for convenient reference only and do not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement or in the Schedules hereto to "Articles", "Sections" and "Schedules" refer to Articles, Sections and Schedules of and to this Agreement or of the Schedules in which such reference is made, as applicable.

1.5. Date for any Action

A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. (Eastern Time) on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. (Eastern Time) on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Agreement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding Business Day.

1.6. Governing Law

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of British Columbia and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

1.7. Incorporation of Schedules

Schedule A attached hereto, for all purposes hereof, forms an integral part of this Agreement.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.1. Representations and Warranties of the Shareholder

The Shareholder represents and warrants to the Purchaser (and acknowledges that the Purchaser is relying on these representations and warranties in completing the transactions contemplated hereby and by the Arrangement Agreement) that:

(a) The Shareholder, if the Shareholder is not a natural person, is a corporation or other entity validly existing under the laws of the jurisdiction of its incorporation.

(b) The Shareholder, if the Shareholder is not a natural person, has the requisite corporate power and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement of the Shareholder enforceable against the Shareholder in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(c) The Shareholder exercises control or direction over, and at and immediately prior to the Effective Time and at all times between the date hereof and the Effective Time, the Shareholder will control or direct, all of the Subject Securities set forth opposite its name in Schedule A hereto. Other than the Subject Securities, neither the Shareholder nor any of its affiliates, beneficially own, or exercise control or direction over any additional securities, or any securities convertible or exchangeable into any additional securities, of the Company or any of its affiliates.

(d) As at the date hereof, the Shareholder is, and immediately prior to the Effective Time will be, the sole beneficial owner of, or exercises control or direction over, the Subject Securities, with good and marketable title thereto, free and clear of all Liens.

(e) The Shareholder has, and immediately prior to the Effective Time, the Shareholder will continue to have, the sole right to sell and vote or direct the sale and voting of the Subject Securities set forth in Schedule A.

(f) No Person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Subject Securities or any interest therein or right thereto, except the Purchaser pursuant to this Agreement or the Arrangement Agreement.

(g) No material consent, approval, order or authorization of, or declaration or filing with, any Person is required to be obtained by the Shareholder in connection with the execution and delivery of this Agreement by the Shareholder and the performance by the Shareholder of its obligations under this Agreement, other than those that are contemplated by the Arrangement Agreement.

(h) There are no claims, actions, suits, audits, proceedings, investigations or other actions pending against or, to the knowledge of the Shareholder, threatened against or affecting the Shareholder that, individually or in the aggregate, could reasonably be expected to have an adverse effect on the Shareholder's ability to execute and deliver this Agreement and to perform its obligations contemplated by this Agreement or as contemplated by the Arrangement Agreement.

(i) None of the Subject Securities is subject to any proxy, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of any of the Company's securityholders or give consents or approvals of any kind, except pursuant to this Agreement.

(j) None of the execution and delivery by the Shareholder of this Agreement or the completion of the transactions contemplated hereby or the compliance by the Shareholder with its obligations hereunder will violate, contravene, result in any breach of, or be in conflict with, or constitute a default under, or create a state of facts which after notice or lapse of time or both would constitute a default under, any term or provision of: (i) as applicable, any constating documents of the Shareholder (if the Shareholder is not a natural Person); (ii) any contract to which the Shareholder is a party or by which the Shareholder is bound; (iii) any judgment, decree, order or award of any Governmental Entity; or (iv) any Law.

2.2. Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Shareholder (and acknowledges that the Shareholder is relying on its representations and warranties contained in this Agreement in completing the transactions contemplated hereby) the matters set out below:

(a) The Purchaser is a corporation duly amalgamated and validly existing under the laws of its jurisdiction of formation and has the requisite power and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser, enforceable against the Purchaser in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

(b) None of the execution and delivery by the Purchaser of this Agreement or the compliance by the Purchaser with the Purchaser's obligations hereunder will violate, contravene, result in any breach of, or be in conflict with, or constitute a default under, or create a state of facts which after notice or lapse of time or both would constitute a default under, any term or provision of: (i) any constating documents of the Purchaser; (ii) any contract to which the Purchaser is a party or by which the Purchaser is bound; (iii) any judgment, decree, order or award of any Governmental Entity or (iv) any Law.

(c) No material consent, approval, order or authorization of, or declaration or filing with, any Governmental Authority is required to be obtained by the Purchaser in connection with the execution and delivery of this Agreement, the performance by it of its obligations under this Agreement and the consummation by the Purchaser of the Arrangement, other than those which are contemplated by the Arrangement Agreement.

(d) There are no claims, actions, suits, audits, proceedings, investigations or other actions pending against, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser or any of their respective properties that, individually or in the aggregate, could reasonably be expected to have an adverse effect on the Purchaser's ability to execute and deliver this Agreement and to perform its obligations contemplated by this Agreement or the Arrangement Agreement.

(e) The number of Common Shares subject to Voting and Support Agreements as of the date hereof is not less than 39,569,182, and the terms and conditions of the other Voting and Support Agreements entered into between the Purchaser and the other Supporting Company Shareholders are not more favourable than those set out in this Agreement.

ARTICLE 3
COVENANTS

3.1. Covenants of the Shareholder

(a) The Shareholder hereby covenants with the Purchaser that from the date of this Agreement until the termination of this Agreement in accordance with its terms as set forth in Section 4.1 (the "**Expiry Time**"), the Shareholder will not:

(i) without having first obtained the prior written consent of the Purchaser, sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, option or otherwise dispose of any right or interest in any of the Subject Securities or enter into any agreement, arrangement, commitment or understanding in connection therewith, other than pursuant to the Arrangement or to one or more corporations directly or indirectly wholly-owned or controlled by the Shareholder without affecting beneficial ownership or control or direction over the Subject Securities;

(ii) other than as set forth herein, grant or agree to grant any proxies or powers of attorney, deliver any voting instruction form, deposit any Subject Securities into a voting trust or pooling agreement, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any Subject Securities; or

(iii) requisition or join in the requisition of any meeting of any of the securityholders of the Company for the purpose of considering any resolution.

(b) The Shareholder hereby covenants, undertakes and agrees at any time until the Expiry Time to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) all the Subject Securities (to the extent they carry a right to vote):

(i) at any meeting of any of the securityholders of the Company at which the Subject Securities are entitled to vote, including the Company Meeting; and

(ii) in any action by written consent of the securityholders of the Company, in favour of the approval, consent, ratification and adoption of the Arrangement Resolution and the transactions contemplated by the Arrangement Agreement including the Plan of Arrangement and any actions required for the consummation of the transactions contemplated by the Arrangement Agreement including under the Plan of Arrangement. In connection with the foregoing, subject to this Section 3.1(b), the Shareholder hereby agrees to deposit a proxy, or voting instruction form, as the case may be, duly completed and executed in respect of all of the Subject Securities eligible to be voted as soon as practicable following the mailing of the Company Circular and in any event at least five (5) Business Days prior to the Company Meeting, voting all the Subject Securities (to the extent that they carry the right to vote) in favour of the Arrangement Resolution. The Shareholder hereby agrees that it will not take, nor permit any Person on its behalf to take, any action to withdraw, revoke, change, amend or invalidate any proxy or voting instruction form deposited pursuant to this Agreement notwithstanding any statutory or other rights or otherwise which the Shareholder might have unless this Agreement has at such time been previously terminated in accordance with Section 4.1. The Shareholder will provide copies of each such proxy, voting instruction form (or screenshots evidencing electronic voting thereof) referred to above to the Purchaser at the address below concurrently with its delivery as provided for above.

(c) The Shareholder hereby revokes and will take all steps necessary to effect the revocation of any and all previous proxies granted or voting instruction forms or other voting documents delivered that may conflict or be inconsistent with the matters set forth in this Agreement and the Shareholder agrees not to, directly or indirectly, grant or deliver any other proxy, power of attorney or voting instruction form with respect to the matters set forth in this Agreement except as expressly required or permitted by this Agreement.

(d) The Shareholder hereby covenants, undertakes and agrees from time to time, until the Expiry Time, to cause to be counted as present for purposes of establishing quorum and to vote (or cause to be voted) the Subject Securities against any proposed action by the Company, any shareholder, any of the Company's Subsidiaries or any other Person (or group of Persons): (i) in respect of any Acquisition Proposal or other merger, take-over bid, amalgamation, plan of arrangement, business combination, reorganization, recapitalization, dissolution, liquidation, winding up or similar transaction involving the Company or any Subsidiary of the Company, other than the Arrangement; (ii) which would reasonably be regarded as being directed towards or likely to prevent or delay the successful and timely completion of the Arrangement, including without limitation any amendment to the articles or by-laws of the Company or any of its Subsidiaries or their respective corporate structures or capitalization; or (iii) any action or agreement that would reasonably be expected to lead to or result in a breach of any representation, warranty, covenant or other obligation of the Company under the Arrangement Agreement if such action, agreement or breach requires securityholder approval.

(e) The Shareholder will not, and the Shareholder will ensure that no beneficial owner of Subject Securities will, exercise or seek to exercise any dissent rights in respect of the Arrangement.

(f) The Shareholder hereby consents to:

(i) details of this Agreement being set out in any press release, information circular, including the Company Circular, and court documents produced by the Company, the Purchaser or any of their respective affiliates in connection with the transactions contemplated by this Agreement and the Arrangement Agreement; and

(ii) this Agreement being made publicly available, including by filing on the System for Electronic Document Analysis and Retrieval (SEDAR) operated on behalf of the Securities Authorities.

(g) Except as required by Law or applicable stock exchange requirements, the Shareholder will not, and will ensure that its affiliates do not, make any public announcement or statements with respect to the transactions contemplated herein or pursuant to the Arrangement Agreement without the prior written approval of the Purchaser and shall provide the Purchaser with reasonable advance notice of and opportunity to comment on such draft documentation and shall accept all reasonable comments of the Purchaser, acting resonably.

3.2. Covenants of the Purchaser

The Purchaser hereby covenants with the Shareholder that from the date of this Agreement until the Expiry Time, it shall:

(a) promptly take all steps required of it under the Arrangement Agreement to cause the Arrangement to occur in accordance with the terms of and subject to the conditions set forth in the Arrangement Agreement;

(b) promptly upon the termination of the Arrangement Agreement or upon the termination of this Agreement, notify the Shareholder in writing at the same time it notifies the other Company Lock-up Shareholders of such termination and, in any event, within two (2) days of such termination;

(c) promptly notify the Shareholder in writing of any amendment to the Arrangement Agreement or Plan of Arrangement, which notice shall be accompanied by a copy of such amendment(s);

(d) not, without the prior written consent of the Shareholder: (i) impose additional conditions to completion of the Arrangement or modify the same, in either case, in a manner that would reasonably have the effect of delaying, impeding, interfering with, postponing, hindering, or preventing the completion of the Arrangement; (ii) change the amount or form of consideration payable pursuant to the Arrangement (other than to increase the total consideration per Common Share and/or to add additional consideration); (iii) modify or remove any covenants of the Purchaser in a manner that would reasonably have the effect of delaying, impeding, interfering with, postponing, hindering, or preventing the completion of the Arrangement; (iv) otherwise vary the Arrangement or any terms or conditions thereof in a manner that is adverse to shareholders of the Company; or (v) waive, release, amend or modify the terms of any other Voting and Support Agreement without providing the Shareholder with the benefit of the same waiver, release, amendment or modification of this Agreement.

ARTICLE 4
GENERAL

4.1. Termination

This Agreement will terminate and be of no further force or effect upon the earliest to occur of:

(a) the mutual agreement in writing of the Parties;

(b) written notice by the Shareholder to the Purchaser if:

(i) any representation or warranty of the Purchaser under this Agreement is untrue or incorrect in any material respect;

(ii) the Purchaser has breached this Agreement in any material respect or is in material default of its performance of its obligations hereunder or under the Arrangement Agreement;

(iii) without the prior written consent of the Shareholder, the Arrangement Agreement is amended in a manner that is adverse to the Shareholder;

(iv) the Purchaser has not complied in any material respect, with any of its covenants contained herein; or

(v) if the Arrangement is not completed prior to the Outside Date.

provided that at the time of such termination, the Shareholder has not breached this Agreement in any material respect and is not in material default in the performance of its obligations under this Agreement;

(c) written notice by the Purchaser to the Shareholder if:

(i) any representation or warranty of the Shareholder under this Agreement is untrue or incorrect in any material respect; or

(ii) the Shareholder has not complied in any material respect with its covenants contained herein;

provided that at the time of such termination, the Purchaser has not breached this Agreement in any material respect and is not in material default in the performance of its obligations under this Agreement;

(d) the Arrangement Agreement has been terminated in accordance with its terms, including, without limitation, where the Arrangement Agreement is terminated in connection with the acceptance by the Company of a Superior Proposal pursuant to Section 7.2(1)(c)(ii) thereof; and

(e) the acquisition of the Subject Securities by the Purchaser.

4.2. Time of the Essence

Time is of the essence in this Agreement.

4.3. Effect of Termination

If this Agreement is terminated in accordance with the provisions of Section 4.1, no Party will have any further liability to perform its obligations under this Agreement except as expressly contemplated by this Agreement, and provided that neither the termination of this Agreement nor anything contained in Section 4.1 will relieve any Party from any liability for any willful breach by it of this Agreement, including from any inaccuracy in its representations and warranties and any non-performance by it of its covenants made herein.

4.4. Equitable Relief

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunctive and other equitable relief to prevent breaches of this Agreement, and to enforce compliance with the terms of this Agreement without any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.

4.5. Fiduciary Duty

Notwithstanding anything to the contrary herein, nothing herein shall restrict or limit any director or officer of the Company from taking any action required to be taken in the discharge of his or her fiduciary duty as a director or officer of the Company or that is otherwise permitted by, and done in compliance with, the terms of the Arrangement Agreement. The Purchaser further hereby agrees that the Shareholder is not making any agreement or understanding herein in any capacity other than in its capacity as securityholder.

4.6. Waiver; Amendment

Each Party agrees and confirms that any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by all of the Parties or in the case of a waiver, by the Party against whom the waiver is to be effective. No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right. No waiver of any of the provisions of this Agreement will be deemed to constitute a waiver of any other provision (whether or not similar).

4.7. Entire Agreement

This Agreement, constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings among the Parties with respect thereto.

4.8. Notices

Any notice, direction or other communication given pursuant to this Agreement (each a "**Notice**") must be in writing, sent by personal delivery, courier or email and is deemed to be given and received: (i) on the date of delivery by hand or courier if it is a Business Day and the delivery was made prior to 4:30 p.m. (Eastern Time), and otherwise on the next Business Day; or (ii) if sent by email (where the sender receives an email from the recipient acknowledging receipt, provided a "read receipt" does not constitute acknowledgment of an email) on the date of transmission if it is a Business Day and transmission was made prior to 4:30 p.m. (Eastern Time) and otherwise on the next Business Day, in each case to the Parties at the following addresses (or such other address for a Party as specified by like Notice):

(a) if to the Purchaser:

Planet 13 Holdings Inc.
2548 West Desert Inn Road
Las Vegas, Nevada 89109

Attention: Leighton Koehler, General Counsel
Email: [REDACTED]

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

Wildeboer Dellelce LLP
Suite 800, 365 Bay Street
Toronto, Ontario M5H 2V1

Attention: Charles Malone
Email: cmalone@wildaw.ca

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

Cozen O'Connor
One Liberty Place
1650 Market Street, Suite 2800
Philadelphia, PA 19103

Attention: Joseph C. Bedwick, Esq.
Email: jbedwick@cozen.com

(b) if to the Shareholder, at the address set forth in Schedule A,

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

McMillan LLP
Royal Centre, Suite 1500
1055 West Georgia Street, PO Box 11117
Vancouver, British Columbia V6E 4N7

Attention: Arman G. Farahani
Email: arman.farahani@mcmillan.ca

Rejection or other refusal to accept, inability to deliver because of changed address of which no Notice was given, shall be deemed to be receipt of the Notice as of the date of such rejection, refusal or inability to deliver. Sending a copy of a Notice to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party. The failure to send a copy of a Notice to a Party's legal counsel does not invalidate delivery of that Notice to a Party.

4.9. Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.10. Successors and Assigns

The provisions of this Agreement will be binding upon and enure to the benefit of the Parties and their respective heirs, administrators, executors, legal representatives, successors and permitted assigns, provided that no Party may assign, delegate or otherwise transfer any of its rights, interests or obligations under this Agreement without the prior written consent of the other Party.

4.11. Expenses

Each Party will pay all costs and expenses (including the fees and disbursements of legal counsel and other advisors) it incurs in connection with the negotiation, preparation and execution of this Agreement.

4.12. Independent Legal Advice

Each of the Parties hereby acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms by the execution and delivery of this Agreement that they have either done so or waived their right to do so in connection with the entering into of this Agreement.

4.13. Further Assurances

The Parties will, with reasonable diligence, do all things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party will provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Effective Time.

4.14. Counterparts

This Agreement may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed .pdf or similar executed electronic copy of this Agreement, and such .pdf or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[The remainder of this page has been intentionally left blank.]

IN WITNESS OF WHICH the Parties have executed this Agreement as at the date first written above.

PURCHASER:

PLANET 13 HOLDINGS INC.

By: _____
Name:
Title:

SHAREHOLDER:

Accepted and agreed to with effect from the_____ day of December , 2021.

[NTD: INSERT CORPORATE NAME]

By: _____
Name:
Title:

[NTD: INSERT INDIVIDUAL NAME]

_____
[Witness]

_____
[Name]

SCHEDULE A

Name of Shareholder	Number of Common Shares	Number of Options
[●]	[●]	[●]

Address for Notice:

Address:_____Attention:_____Email:_____

Exhibit 3.1

Number: BC1224419

CERTIFICATE
OF
AMALGAMATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that 10653918 CANADA INC., incorporation number C1219356, and PLANET 13 HOLDINGS INC., incorporation number C1214182 were amalgamated as one company under the name PLANET 13 HOLDINGS INC. on September 24, 2019 at 03:01 PM Pacific Time.

Issued under my hand at Victoria, British Columbia On September 24, 2019

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

ELECTRONIC CERTIFICATE

BC Registry Services

Mailing Address:
PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

CERTIFIED COPY

Of a Document filed with the Province of British Columbia Registrar of Companies

Notice of Articles

CAROL PREST

BUSINESS CORPORATIONS ACT

This Notice of Articles was issued by the Registrar on: September 24, 2019 03:01 PM Pacific Time
Incorporation Number: **BC1224419**
Recognition Date and Time: September 24, 2019 03:01 PM Pacific Time as a result of an Amalgamation

NOTICE OF ARTICLES

Name of Company:

PLANET 13 HOLDINGS INC.

REGISTERED OFFICE INFORMATION

Mailing Address:

10TH FLOOR, 595 HOWE ST
VANCOUVER BC V6C 2T5
CANADA

Delivery Address:

10TH FLOOR, 595 HOWE ST
VANCOUVER BC V6C 2T5
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
10TH FLOOR, 595 HOWE ST
VANCOUVER BC V6C 2T5
CANADA

Delivery Address:
10TH FLOOR, 595 HOWE ST
VANCOUVER BC V6C 2T5
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
SCHEFFLER, LARRY

Mailing Address:
2548 WEST DESERT INN ROAD
LAS VEGAS NV 89109
UNITED STATES

Delivery Address:
2548 WEST DESERT INN ROAD LAS VEGAS NV 89109
UNITED STATES

Last Name, First Name, Middle Name:
HARMAN, MICHAEL

Mailing Address:
2548 WEST DESERT INN ROAD
LAS VEGAS NV 89109
UNITED STATES

Delivery Address:
2548 WEST DESERT INN ROAD LAS VEGAS NV 89109
UNITED STATES

Last Name, First Name, Middle Name:
O'Neal, Adrienne

Mailing Address:
2548 WEST DESERT INN ROAD
LAS VEGAS NV 89109
UNITED STATES

Delivery Address:
2548 WEST DESERT INN ROAD LAS VEGAS NV 89109
UNITED STATES

Last Name, First Name, Middle Name:
GROESBECK, ROBERT

Mailing Address:
2548 WEST DESERT INN ROAD
LAS VEGAS NV 89109
UNITED STATES

Delivery Address:
2548 WEST DESERT INN ROAD LAS VEGAS NV 89109
UNITED STATES

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value With Special Rights or Restrictions attached
2.	No Maximum	Class A Restricted Voting Shares	Without Par Value With Special Rights or Restrictions attached

Planet 13 Holdings Inc.
(the "Company")

The Company has as its articles the following articles.

ARTICLES

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

(2) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(3) "*Interpretation Act*" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(4) "legal personal representative" means the personal or other legal representative of a shareholder;

(5) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(6) "seal" means the seal of the Company, if any.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were set out herein. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment or Written Notice

Unless the shares of which a shareholder is the registered owner are uncertificated shares, each shareholder is entitled, on request and at the shareholder's option, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or acknowledgment to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all. Within a reasonable time after the issue or transfer of a share that is an uncertificated share, the Company must send to the shareholder a written notice containing the information required by the *Business Corporations Act*.

2.4 Delivery by Mail

Any share certificate, non-transferable written acknowledgment of a shareholder's right to obtain a share certificate or written notice of the issue or transfer of an uncertificated share may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate, acknowledgement or written notice is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, provided such person has complied with the requirements of the *Business Corporations Act*.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid as a fee to the Company for the issuance of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any, determined by the directors, which must not exceed the amount prescribed under the *Business Corporations Act*.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

(1) consideration is provided to the Company for the issue of the share by one or more of the following:

(a) past services performed for the Company;

(b) property;

(c) money; and

(2) the directors in their discretion have determined that the value of the consideration received by the Company is equal to or greater than the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options, convertible debentures and rights upon such terms and conditions as the directors determine, which share purchase warrants, options, convertible debentures and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register and Any Branch Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register and may maintain a branch securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register or any branch securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

(1) a duly signed instrument of transfer in respect of the share;

(2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;

(3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and

(4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

For the purpose of this Article, delivery or surrender to the transfer agent or registrar which maintains the Company's central securities register or a branch securities register, if applicable, will constitute receipt by or surrender to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved from time to time by the directors or the transfer agent or registrar for the class or series of share to be transferred.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificate(s) or set out in the written acknowledgments deposited with the instrument of transfer or, if the shares are uncertificated shares, then all of the uncertificated shares registered in the name of the shareholder:

(1) in the name of the person named as transferee in that instrument of transfer; or

(2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in

the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid as a fee to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative of the shareholder, or, in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of the shareholder, the directors may require a declaration of transmission made by the legal personal representative stating the particulars of the transmission, proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the same rights, privileges and obligations with respect to the shares as were held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by resolution of the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(1) the Company is insolvent; or

(2) making the payment or providing the consideration would render the Company insolvent.

7.3 Redemption of Shares

If the Company proposes to redeem some but not all of the shares of any class, the directors may, subject to any special rights and restrictions attached to such class of shares, determine the manner in which the shares to be redeemed shall be selected.

7.4 Sale and Voting of Purchased Shares

If the Company retains a share which it has redeemed, purchased or otherwise acquired, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(1) is not entitled to vote the share at a meeting of its shareholders;

(2) must not pay a dividend in respect of the share; and

(3) must not make any other distribution in respect of the share.

8. BORROWING POWERS

8.1 Powers of the Company

The Company, if authorized by the directors, may:

(1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;

(2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

8.2 Bonds, Debentures, Debt

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, or with special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise and may, by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

(1) by directors' resolution or by ordinary resolution, in each case as determined by the directors:

(a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(d) if the Company is authorized to issue shares of a class of shares with par value:

(i) decrease the par value of those shares; or

(ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(e) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or

(f) alter the identifying name of any of its shares; and

(2) by ordinary resolution otherwise alter its shares or authorized share structure; and, if applicable, alter its Notice of Articles and, if applicable, alter its Articles accordingly.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may:

(1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares if none of those shares have been issued; and

(2) by special resolution of the shareholders of the class or series affected, do any of the acts in (1) above if any of the shares of the class or series of shares have been issued,

and alter its Notice of Articles and Articles accordingly.

9.3 Change of Name

The Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name and may, by directors' resolution or ordinary resolution, in each case as determined by the directors, adopt or change any translation of that name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, alter these Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by a resolution of the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, at any time, call a meeting of shareholders.

10.4 Location of Meetings of Shareholders

A meeting of the Company may be held:

(1) in the Province of British Columbia;

(2) at another location outside British Columbia if that location is:

(a) approved by resolution of the directors before the meeting is held; or

(b) approved in writing by the Registrar of Companies before the meeting is held.

10.5 Notice for Meetings of Shareholders

Subject to Article 10.2, the Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

10.6 Notice of Resolution to which Shareholders May Dissent

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days; or

(2) otherwise, 10 days.

10.7 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(1) if and for so long as the Company is a public company, 21 days; or

(2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.9 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or may agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.10 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting or a circular prepared in connection with the meeting must:

(1) state the general nature of the special business; and

(2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

(b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(2) at an annual general meeting, all business is special business except for the following:

(a) business relating to the conduct of or voting at the meeting;

(b) consideration of any financial statements of the Company presented to the meeting;

(c) consideration of any reports of the directors or auditor;

(d) the setting or changing of the number of directors;

(e) the election or appointment of directors;

(f) the appointment of an auditor;

(g) the setting of the remuneration of an auditor;

(h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and

(i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person present or represented by proxy.

11.4 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the *Business Corporations Act* or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxyholder entitled to vote at the meeting.

11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote

is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.6 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

(2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the meeting shall be terminated.

11.8 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(1) the chair of the board, if any; or

(2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.9 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president willing to act as chair of the meeting or present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose a director, officer or corporate counsel to be chair of the meeting or if none of the above persons are present or if they decline to take the chair, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.12 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

11.13 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.15 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders, either on a show of hands or on a poll, does not have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.17, if a poll is duly demanded at a meeting of shareholders:

(1) the poll must be taken:

(a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

(b) in the manner, at the time and at the place that the chair of the meeting directs;

(2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

11.17 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.18 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.19 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.20 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.21 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(1) any one of the joint shareholders may vote at any meeting of shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(2) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(1) for that purpose, the instrument appointing a representative must be received:

(a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or

(b) by the chair of the meeting at the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;

(2) if a representative is appointed under this Article 12.5:

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages. Notwithstanding the foregoing, a corporation that is a shareholder may appoint a proxy holder.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint up to two proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

(2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or

(3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

(1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or

(2) unless the notice provides otherwise, be received, at the meeting or any adjourned meeting, by the chair of the meeting or any adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or

(2) at the meeting or any adjourned meeting by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given or has been taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is received:

(1) at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or

(2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

(1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

(1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;

(2) if the Company is a public company, the greater of three and the most recently set of:

(a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4;

(3) if the Company is not a public company, the most recently set of:

(a) the number of directors elected by ordinary resolution (whether or not previous notice of the resolution was given); and

(b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;

(2) if theshareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors, subject to Article 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(2) those directors whose term of office expires at the annual general meeting cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

(2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

(1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or

(2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(3) when his or her successor is elected or appointed; and

(4) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not reelected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

(1) the term of office of the director expires;

(2) the director dies;

(3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

(1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

(2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

(3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity; and

(4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

(1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

(2) the alternate director dies;

(3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;

(4) the alternate director ceases to be qualified to act as a director; or

(5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. POWERS AND DUTIES OF DIRECTORS 16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be

authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

17. INTERESTS OF DIRECTORS AND OFFICERS 17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

(1) the chair of the board, if any;

(2) in the absence of the chair of the board or if designated by the chair, the president, a director or other officer; or

(3) any other director or officer chosen by the directors if:

(a) neither the chair of the board nor the president is present at the meeting within 15 minutes after the time set for holding the meeting;

(b) neither the chair of the board nor the president is willing to chair the meeting; or

(c) the chair of the board and the president have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

(1) in person;

(2) by telephone; or

(3) with the consent of all directors who wish to participate in the meeting, by other communications medium;

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

(1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director at a meeting of directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

(1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

(2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

A consent in writing under this Article may be by signed document, fax, e-mail or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(1) the power to fill vacancies in the board of directors;

(2) the power to remove a director;

(3) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) the power to appoint or remove officers appointed by the directors; and

(3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

(1) conform to any rules that may from time to time be imposed on it by the directors; and

(2) report every act or thing done in exercise of those powers at such times and in such manner and form as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(2) terminate the appointment of, or change the membership of, the committee; and

(3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) the committee may meet and adjourn as it thinks proper;

(2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(3) a majority of the members of the committee constitutes a quorum of the committee; and

(4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. INDEMNIFICATION

21.1 Definitions In this Article 21:

(1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

(a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(3) "expenses" has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Eligible Parties

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification

Subject to any restrictions in the *Business Corporations Act* and these Articles, the Company may indemnify any person.

21.4 Non-Compliance with *Business Corporations Act*

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles or, if applicable, any former *Companies Act* or former Articles, does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(1) is or was a director, alternate director, officer, employee or agent of the Company;

(2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or

(4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(1) set the value for distribution of specific assets;

(2) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

23. ACCOUNTING RECORDS AND AUDITORS 23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

23.3 Remuneration of Auditors

The directors may set the remuneration of the auditors. If the directors so decide, the remuneration of the auditors will be determined by the shareholders.

24. NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record (for the purposes of this Article 24, a "record") required or permitted by the

Business Corporations Act or these Articles to be sent by or to a person may be sent by any one of the following methods:

(1) mail addressed to the person at the applicable address for that person as follows:

(a) for a record mailed to a shareholder, the shareholder's registered address;

(b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class; or

(c) in any other case, the mailing address of the intended recipient;

(2) delivery at the applicable address for that person as follows, addressed to the person:

(a) for a record delivered to a shareholder, the shareholder's registered address;

(b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class; or

(c) in any other case, the delivery address of the intended recipient;

(3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

(5) making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 and National Instrument 51-102, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; or

(6) physical delivery to the intended recipient.

24.2 Deemed Receipt

A notice, statement, report or other record that is:

(1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;

(2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed;

(3) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the date it was e-mailed; and

(4) made available for public electronic access in accordance with the "notice-and-access" or similar delivery procedures referred to in Article 24.1(5) is deemed to be received by a person on the date it was made available for public electronic access.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing such record to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(1) mailing the record, addressed to them:

(a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(1) any two directors;

(2) any officer, together with any director;

(3) if the Company only has one director, that director; or

(4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. PROHIBITIONS

26.1 Definitions In this Article 26:

(1) "designated security" means:

(a) a voting security of the Company;

(b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or

(c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);

(2) "security" has the meaning assigned in the *Securities Act* (British Columbia);

(3) "voting security" means a security of the Company that:

(a) is not a debt security, and

(b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

26.2 Application

Article 26.3 does not apply to the Company if and for so long as it is a public company or a preexisting reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

26.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

27. SPECIAL RIGHTS AND RESTRICTIONS 27.1 General Definitions

In this Article, the following terms shall have the following meanings unless the context otherwise requires:

(1) “1933 Act” means the United States Securities Act of 1933, as amended from time to time.

(2) “Common Shares” means the common shares in the capital of the Company.

(3) “Company” means “Planet 13 Holdings Inc.”

(4) “Conversion Notice” means a written notice to the transfer agent of the Restricted Voting Shares, in form and substance satisfactory to the Company and the transfer agent, executed by a person registered in the records of the Company or the transfer agent, as the case may be, as a holder of the Restricted Voting Shares, or by his or her attorney duly authorized in writing and specifying the number of Restricted Voting Shares which the holder thereof desires to have converted into Common Shares, and accompanied by:

(a) if share certificates were issued to such holder, the share certificate or certificates representing the Restricted Voting Shares which such holder desires to convert;

(b) a letter of transmittal, direction, transfer, power or attorney and/or such other documentation as is specified by the Company or the transfer agent for the Restricted Voting Shares, acting reasonably, as being required to give full effect to the conversion duly completed and executed by the person registered in the records of the Company or the transfer agent, as the case may be, as the holder of the Restricted Voting Shares to be converted or by his or her attorney duly authorized in writing; and

(c) a duly completed and executed Residency Declaration or an opinion or memorandum of counsel (which may be the Company's counsel), in form and substance satisfactory to the Company and the transfer agent, to the effect that the conversion of such Restricted Voting Shares into Common Shares would not cause the Company to become a Domestic Issuer.

(5) “Domestic Issuer”" has the meaning ascribed thereto in Rule 902(c) of Regulation S under the 1933 Act.

(6) “Exclusionary Offer” means an offer to purchase Restricted Voting Shares which must be made, by reason of applicable securities legislation or by the rules or policies of a stock exchange on which any shares or the Company are listed, to all or substantially all of the holders or Restricted Voting Shares.

(7) “Fundamental Transaction” means a reorganization, recapitalization, reclassification, merger or amalgamation or any similar transaction involving the Company.

(8) “Liquidation Event” means a distribution of assets of the Company to its shareholders arising on the winding-up, liquidation or dissolution of the Company, whether voluntary or involuntary, or any other distribution of its assets for the purpose of winding up its affairs or otherwise.

(9) “Residency Declaration” means (i) a declaration by a person attesting that such person is not a resident of the United States and (ii) any indemnity required by the Company or the transfer agent in respect of such declaration in favour of the Company from the person providing the declaration, in each case in form approved by the Company from time to time.

(10) "Restricted Voting Shares" means the Class A Restricted Voting Shares in the capital of the Company.

(11) "United States" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

27.2 Common Shares

(1) Voting

Each Common Share entitles the holder to receive notice of and to attend any meeting of shareholders and to exercise one vote for each Common Share held at all meetings of shareholders of the Company, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. Except as provided otherwise herein or as required by law, holders of Common Shares and Restricted Voting Shares shall vote as one class at all meetings of shareholders of the Company.

(2) Dividends

Subject to the Canada Business Corporations Act, and subject to the rights of the shares or any other class ranking senior to the Common Shares with respect to priority in the payment or dividends, the holders or Common Shares shall be entitled to receive dividends, and the Company shall pay dividends thereon, as and when declared by the Board out of moneys properly applicable to the payment of dividends, pari passu with the holders of the Restricted Voting Shares on a per share basis, in such amount and in such form as the Board may from time to time determine; provided however that no dividend on the Common Shares shall be declared unless contemporaneously therewith the Board shall declare a dividend, payable at the same time as such dividend on the Common Shares, on each Restricted Voting Share. All dividends declared on the Common Shares and on the Restricted Voting Shares shall be declared and paid in equal amounts per share on all Common Shares and Restricted Voting Shares at the time outstanding on the applicable record data for such dividend. For purposes hereof, the payment of dividends by way of a stock dividend in Common Shares on the Common Shares and in Restricted Voting Shares on the Restricted Voting Shares in the same number per share shall be considered to be a pari passu payment of dividends.

(3) Liquidation Event

Subject to the rights of the shares of any other class ranking senior to the Common Shares with respect to priority upon a Liquidation Event, in the event of a Liquidation Event, the holders of Common Shares and the holders of Restricted Voting Shares shall participate rateably in equal amounts per share, without preference or distinction, in the remaining assets of the Company.

(4) Changes to Common Shares

The Common Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the Restricted Voting Shares are subdivided, consolidated,

reclassified or otherwise changed in the same proportion and in the same manner as the Common Shares.

27.3 Restricted Voting Shares

(1) Voting

Subject to Article 27.3(2), each Restricted Voting Share entitles the holder to receive notice of and to attend any meeting of shareholders of the Company and to exercise one vote for each Restricted Voting Share held at all meetings of shareholders of the Company, other than meetings at which only the holders or another class or series of shares are entitled to vote separately as a class or series. Except as provided otherwise herein or as required by law, holders or Common Shares and Restricted Voting Shares shall vote as one class at all meetings of shareholders of the Company.

(2) Limitation on Voting Rights

The Restricted Voting Shares carry no entitlement for the holder thereof to vote for the election or removal of directors of the Company.

(3) Dividends

Subject to the Canada Business Corporations Act, and subject to the rights of the shares of any other class ranking senior to the Restricted Voting Shares with respect to priority in the payment of dividends, the holders of Restricted Voting Shares shall be entitled to receive dividends, and the Company shall pay dividends thereon, as and when declared by the Board out of moneys properly applicable to the payment of dividends, pari passu with the holders of the Common Shares on a per share basis, in such amount and in such form as the Board may from time to time determine; provided however that no dividend on the Restricted Voting Shares shall be declared unless contemporaneously therewith the Board shall declare a dividend, payable at the same time as such dividend on the Restricted Voting Shares, on each Common Share. All dividends declared on the Common Shares and on the Restricted Voting Shares shall be declared and paid in equal amounts per share on all Common Shares and Restricted Voting Shares at the time outstanding on the applicable record date for such dividend. For purposes hereof, the payment of dividends by way of a stock dividend in Common Shares on the Common Shares and in Restricted Voting Shares on the Restricted Voting Shares in the same number per share shall be considered to be a pari passu payment of dividends.

(4) Liquidation Event

Subject to the rights of the shares of any other class ranking senior to the Restricted Voting Shares with respect to priority upon a Liquidation Event, in the event of a Liquidation Event, the holders of Restricted Voting Shares and the holders of Common Shares shall participate rateably in equal amounts per share, without preference or distinction, in the remaining assets of the Company.

(5) Restrictions on Transfer

No Restricted Voting Share shall be transferred by any holder thereof pursuant to an Exclusionary Offer unless, concurrently with the Exclusionary Offer, an offer to acquire Common Shares is made that is identical to the Exclusionary Offer in terms of price per share, percentage of outstanding shares to be taken up (exclusive of shares owned immediately before the Exclusionary Offer by the offeror) and in all other material respects (except with respect to any additional conditions that may be attached to the Exclusionary Offer).

(6) Conversion at the Option of the Holder

Each Restricted Voting Share may be converted into one Common Share, without payment of additional consideration, at any time and from time to time, at the option of the holder thereof, in accordance with the procedures set forth in Article 27.3(7) hereof.

(7) Conversion Procedure

A holder of Restricted Voting Shares may convert all or any number of Restricted Voting Shares held by such holder into Common Shares in accordance with Article 27.3(6) upon delivery by the holder of such Restricted Voting Shares of a duly completed and executed Conversion Notice and upon receipt by the transfer agent of the Company of such notice and upon compliance with any requirements the transfer agent or the Company may reasonably request, the Company shall issue or cause to be issued the relevant number of fully paid Common Shares. The effective time of conversion shall be the close of business on the date of receipt of a valid Conversion Notice by the transfer agent of the Company and the Common Shares issuable upon conversion of such Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time.

(8) Conversion at the Option of the Company

Each Restricted Voting Share may be converted into one Common Share, at any time and from time to time, at the option of the Company by delivery to a holder of the Restricted Voting Share of a notice indicating same and the holder of Restricted Voting Shares shall only have the right to receive the relevant number of Common Shares resulting from such conversion and any accrued and unpaid dividends on the Restricted Voting Shares so converted upon compliance with the terms of the notice. The effective time of conversion shall be the close of business on the date specified in the notice of the Company and the Common Shares issuable upon conversion of such Restricted Voting Shares shall be deemed to be issued and outstanding of record as of such time and the applicable Restricted Voting Shares shall be cancelled at that time.

(9) Withdrawal of Conversion Notice

Despite any other provision hereof, a holder of a Restricted Voting Share that has duly presented a Conversion Notice may, at any time before such Restricted Voting Shares are converted and Common Shares are issued, by irrevocable written notice to the Company, advise the Company that the holder no longer desires that such Restricted Voting Shares be converted into Common Shares and, upon receipt of such written notice, the Company shall return to the holder the certificates(s) representing such Restricted Voting Shares, if any, and thereupon the Company shall cease to have

any obligation to convert such Restricted Voting Shares hereunder unless such Restricted Voting Shares are again tendered for conversion by the holder in accordance with the provisions hereof.

(10) Fractional Common Shares

The Company shall not issue fractional Common Shares in satisfaction of the conversion rights herein provided for. Where the exercise of conversion rights pursuant to this Article would otherwise result in fractional Common Shares being issued, the number of Common Shares to be issued by the Company shall be rounded down to the nearest whole number of Common Shares. A determination of whether or not any fractional share would be issuable upon a conversion of Restricted Voting Shares shall be made on the basis of the total number of Restricted Voting Shares the holder has at the time converting into Common Shares and the appropriate number of Common Shares issuable upon conversion.

(11) Dividend Entitlement

A holder of Restricted Voting Shares on the record date for the determination of holders of Restricted Voting Shares entitled to receive a dividend declared payable on the Restricted Voting Shares will be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend, and the holders of any Common Shares resulting from any conversion shall be entitled to rank equally with the holders of all other Common Shares in respect of all dividends declared payable to holders of Common Shares of record on any date on or after the date of conversion.

(12) Adjustments

(a) If there shall occur any Fundamental Transaction involving the Company in which the Common Shares (but not the Restricted Voting Shares) are converted into or exchanged for securities, cash or other property (other than a transaction otherwise covered by this Article 27.3(12)) then, following such Fundamental Transaction each Restricted Voting Share shall thereafter be convertible, in lieu of the Common Share into which it was convertible before such event, into the kind and amount or securities, cash or other property which a holder of the number of Common Shares issuable upon conversion of one Restricted Voting Share immediately before such Fundamental Transaction would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined by the Board) shall be made in the application of the provisions of this Article 27.3(12)(a) with respect to the rights and interests thereafter of the holders of the Restricted Voting Shares, to the end that the provisions set forth in this Article 27.3(12)(a) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Restricted Voting Shares.

(b) The Restricted Voting Shares shall not be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the Common Shares are

subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner as the Restricted Voting Shares.

(13) Public Distribution Requirements

Conversion of Restricted Voting Shares into Common Shares permitted under this Article shall be subject to the Company meeting applicable distribution requirements for public shareholders of the exchange on which the Common Shares are then listed and posted for trading.

Exhibit 4.1

PLANET 13 HOLDINGS INC.

- and -

ODYSSEY TRUST COMPANY

WARRANT INDENTURE

Providing for the Issue of

up to 2,679,500 Common Share Purchase Warrants

July 3, 2020

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THIS WARRANT INDENTURE dated as of July 3, 2020

BETWEEN:

PLANET 13 HOLDINGS INC.,
a company existing under the laws of British Columbia

(the "**Company**")

AND

ODYSSEY TRUST COMPANY,
a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia

(the "**Warrant Agent**")

RECITALS

WHEREAS:

A. In connection with the public offering by the Company of up to 5,359,000 Units (as defined below) pursuant to a short form prospectus dated June 26, 2020 (the "**Offering**"), the Company proposes to issue and sell to the public up to 2,679,500 Warrants (as defined below), of which 2,330,000 Warrants will be issuable as a part of the base Offering and up to 349,500 Warrants will be issuable upon the due exercise of the Over-Allotment Option (as defined below);

B. Each Warrant entitles the holder thereof to purchase, subject to adjustment in certain events, one Warrant Share (as defined below) at a price of $2.85 at any time prior to 5:00 p.m. (Toronto time) on July 3, 2022;

C. For such purpose the Company deems it necessary to create and issue Warrants and Warrant Certificates (as defined below) to be constituted and issued in the manner hereinafter set forth;

D. The Company is duly authorized to create and issue the Warrants to be issued as herein provided;

E. All things necessary have been done and performed to make the Warrants, when Authenticated (as defined below) or certified by the Warrant Agent and issued as provided in this Indenture, legal, valid and binding upon the Company with the benefits of and subject to the terms of this Indenture;

F. The foregoing recitals are made as statements of fact by the Company and not by the Warrant Agent; and

G. The Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this Indenture from time to time;

NOW THEREFORE THIS INDENTURE WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture, unless there is something in the subject matter or context inconsistent therewith:

"**Applicable Legislation**" means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of issuers and warrant agents under warrant indentures as are from time to time in force and applicable to this Indenture;

"**Authenticated**" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Company and authenticated by manual signature of an authorized officer of the Warrant Agent, and (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.4 are entered in the register of Warrantholders, "**Authenticate**", "**Authenticating**" and "**Authentication**" have the appropriate correlative meanings;

"**Beneficial Owner**" means a person that has a beneficial interest in a Warrant;

"**Book-Entry Only System**" means the book-based securities system administered by CDS in accordance with its operating rules and procedures in force from time to time;

"**Business Day**" means a day that is not a Saturday, Sunday, or a day on which banks are closed or which is a civic or statutory holiday in the City of Toronto, Ontario or Calgary, Alberta;
"**Capital Reorganization**" has the meaning ascribed to that term in Section 2.13(4); "**CDS**" means CDS Clearing and Depository Services Inc. and its successors in interest;

"**CDSX**" means the CDS settlement and clearing system for equity and debt securities in Canada;

"**Closing Date**" means July 3, 2020 or such other date as agreed to by the Company and the Underwriters;

"**Common Share Reorganization**" has the meaning ascribed to that term in Section 2.13(1); "**Common Shares**" means the common shares in the capital of the Company;

"**Company**" means Planet 13 Holdings Inc., a corporation existing under the laws of British Columbia, and its lawful successors from time to time;

"**Company's Auditors**" means the chartered (professional) accountant or firm of chartered (professional) accountants duly appointed as auditor or auditors of the Company from time to time, including prior auditors of the Company, as applicable;

"**Confirmation**" has the meaning ascribed that term in Section 3.1(4);

"**counsel**" means a barrister and solicitor or lawyer or a firm of barristers and solicitors or lawyers, in both cases acceptable to the Warrant Agent;

"**CSE**" means the Canadian Securities Exchange;

"**Current Market Price**" means, at any date, the volume weighted average price per share at which the Common Shares have traded:

(a) on the CSE;

(b) if the Common Shares are not listed on the CSE, on any stock exchange upon which the Common Shares are listed, as may be selected for this purpose by the board of directors of the Company, acting reasonably; or

(c) if the Common Shares are not listed on any stock exchange, on any over-the-counter market on which the Common Shares are trading, as may be selected for this purpose by the board of directors of the Company, acting reasonably;

during the 20 consecutive trading days (on each of which at least 500 Common Share are traded in board lots) ending the second trading day before such date; provided that the volume weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 20 consecutive trading days by the number of Common Shares so sold on said exchange or market or, if not traded on any recognized exchange or market, as determined by the directors of the Company, acting reasonably;

"**director**" means a member of the board of directors of the Company for the time being, and unless otherwise specified herein, reference to "**action by the board of directors**" means action by the board of directors of the Company as a board or, whenever duly empowered, action by a committee of the board;

"**Dividend Paid in the Ordinary Course**" means dividends paid in any financial year of the Company, whether in (i) cash, (ii) shares of the Company, (iii) warrants or similar rights to purchase any shares of the Company or property or other assets of the Company provided that the value of such dividends per outstanding Common Share does not in such financial year exceed in aggregate 5% of the Exercise Price;

"**Exchange Basis**" means, at any time, the number of Warrant Shares or other classes of shares or securities or property which a Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 2 hereof, such number being equal to one Warrant Share per Warrant as of the date hereof;

"**Exercise Date**" with respect to any Warrant means the date on which such Warrant is duly surrendered for exercise in accordance with the provisions of Article 3 hereof;

"**Exercise Notice**" has the meaning ascribed that term in Section 3.1(4);

"**Exercise Price**" means $2.85 for each Warrant Share, subject to adjustment in accordance with the provisions of Article 2 hereof;

"**Expiry Date**" means July 3, 2022;

"**extraordinary resolution**" has the meaning ascribed to that term in sections 6.12 and 6.15;

"**Internal Procedures**" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent;

"**Offering**" has the meaning ascribed thereto in Recital A of this Indenture;

"**Original U.S. Purchaser**" means a Qualified Institutional Buyer who purchased Warrants as part of the Offering;

"**Over-Allotment Option**" means the option granted by the Company to the Underwriters, which may be exercised in the Underwriters' sole discretion and without obligation, to purchase up to an additional 699,000 Units, including up to 699,000 Unit Shares and up to 349,500 Warrants, for the purpose of covering over-allotments made in connection with the Offering and for market stabilization purposes, and which is exercisable for any combination of additional Units, additional Unit Shares and/or additional Warrants, from and including thirty (30) days following the Closing Date;

"**Participant**" means a person recognized by CDS as a participant in the Book-Entry Only System;

"**person**" means an individual, a corporation, a limited liability company, a partnership, a syndicate, a trustee or any unincorporated organization and words importing persons are intended to have a similarly extended meaning;

"**Price**" means the Exercise Price;

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as such term is defined in Rule 144A under the U.S. Securities Act;

"**QIB Letter**" means the Qualified Institutional Buyer Letter signed by the Original U.S. Purchaser;

"**Regulation S**" means Regulation S as promulgated under the U.S. Securities Act; "**Rights Offering**" has the meaning ascribed to that term in Section 2.13(2); "**Rights Offering Price**" has the meaning ascribed to that term in Section 2.14(8);

"**Securities Laws**" means, collectively, the applicable securities laws and regulations of each of the provinces of Canada, except Quebec, the United States and each of the states of the United States, together with all respective regulations made and forms prescribed thereunder, published rules, policy statements, notices, orders and rulings of the securities commissions or similar regulatory authorities thereto, as applicable, including the rules and policies of the CSE;

"**shareholder**" means an owner of record of one or more Common Shares or shares of any other class or series of the Company;

"**Special Distribution**" has the meaning ascribed to that term in Section 2.13(3);

"**Subsidiary**" means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Company or by one or more subsidiaries of the Company and, as used in this definition, "voting shares" means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

"**successor company**" has the meaning ascribed to that term in Section 7.2;

"**this Indenture**", "**herein**", "**hereby**" and similar expressions mean or refer to this Common Share purchase warrant indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions "**Article**", "**section**", or "**paragraph**" followed by a number or letter mean and refer to the specified Article, section, or paragraph of this Indenture;

"**Time of Expiry**" means 5:00 p.m. (Toronto time) on the Expiry Date;

"**trading day**" means a day on which the CSE (or such other exchange on which the Common Shares are listed) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;

"**transaction instruction**" means a written order signed by the holder or CDS, entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Warrant Agent, requesting one or more such actions to be taken in respect of an Uncertificated Warrant;

"**Transfer Agent**" means the transfer agent or agents for the time being for the Common Shares;

"**U.S. Person**" means a U.S. person as that term is defined under Regulation S; "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**Uncertificated Warrant**" means any Warrant which is issued under the Book-Entry Only System or any Warrant which is not a certificated Warrant;

"**Underwriters**" means collectively Beacon Securities Limited and Canaccord Genuity Corp.;

"**Unit Share**" means a Common Share comprising part of each Unit;

"**United States**" means the United States as that term is defined in Regulation S;

"**Units**" means the units of the Company, each Unit being comprised of one Unit Share and one-half Warrant;

"**Warrant Agent**" means Odyssey Trust Company, a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia or any lawful successor thereto including through the operation of Section 8.8;

"**Warrant Certificates**" means the certificates representing Warrants substantially in the form attached as Schedule "A" hereto or such other form as may be approved by the Company and the Warrant Agent;

"**Warrant Shares**" means the Common Shares or, as a result of any adjustment to the subscription rights pursuant to Article 2 hereof, other securities or property issuable upon the exercise of the Warrants;

"**Warrantholders**" or "**holders**" means the persons whose names are entered for the time being in the register maintained pursuant to Section 2.8;

"**Warrantholders' Request**" means an instrument, signed in one or more counterparts by Warrantholders representing, in the aggregate, at least 20% of the aggregate number of Warrants then outstanding, which requests the Warrant Agent to take some action or proceeding specified therein;

"**Warrants**" means the Common Share purchase warrants of the Company issued and Authenticated hereunder as Uncertificated Warrants or to be issued and countersigned in the form of Warrant Certificates, in either case, entitling the holders thereof to purchase Warrant Shares on the basis of one Warrant Share for each Warrant upon payment of the Exercise Price prior to the Time of Expiry; provided that in each case the number and/or class of securities or property receivable on the exercise of the Warrants may be subject to increase or decrease or change in accordance with the terms and provisions hereof; and

"**written direction of the Company**", "**written request of the Company**", "**written consent of the Company**", "**Officer's Certificate**" and "**certificate of the Company**" and any other document required to be signed by the Company, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Company by any officer or director and may consist of one or more instruments so executed.

1.2 Words Importing the Singular

Unless elsewhere otherwise expressly provided, or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 Interpretation not Affected by Headings

The division of this Indenture into Articles, sections, and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

1.4 Day not a Business Day

If any day on or before which any action is required or permitted to be taken hereunder is not a Business Day, then such action shall be required or permitted to be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence in all respects of this Indenture and the Warrants issued hereunder.

1.6 Governing Law

This Indenture and the Warrants issued hereunder shall be construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

1.7 Meaning of "outstanding" for Certain Purposes

Every Warrant Authenticated or certified by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation, exercised pursuant to Section 3.1 or until the Time of Expiry; provided that where a new Warrant Certificate has been issued pursuant to Section 2.6 to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding.

1.8 Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian dollars.

1.9 Termination

This Indenture shall continue in full force and effect until the earlier of: (a) the Time of Expiry; and (b) provided that no Warrants remain issuable pursuant to the terms of this Indenture, the date that no Warrants are outstanding hereunder; provided that this Indenture shall continue in effect thereafter, if applicable, until the Company and the Warrant Agent have fulfilled all of their respective obligations under this Indenture.

ARTICLE 2 ISSUE OF WARRANTS

2.1 Issue of Warrants

Subject to adjustment in accordance with the provisions hereof, the Company creates and authorizes the issuance of up to 2,679,500 Warrants entitling the registered holders thereof to acquire an aggregate of up to 2,679,500 Warrant Shares, all of which are hereby created and authorized to be issued hereunder at the Exercise Price upon the terms and conditions as set forth herein. Uncertificated Warrants shall be Authenticated by the Warrant Agent and deposited in CDS and Warrant Certificates evidencing the Warrants shall be executed by the Company, certified by or on behalf of the Warrant Agent and delivered by the Warrant Agent in accordance with a written direction of the Company, all in accordance with sections 2.3 and 2.4. Subject to adjustment in accordance with the provisions of this Indenture, each of the Warrants issued hereunder shall entitle the holder thereof to receive from the Company, at the Exercise Price, the number of Warrant Shares equal to the Exchange Basis in effect on the Exercise Date.

2.2 Form and Terms of Warrants

(1) The Warrants may be issued in either certificated or uncertificated form. The Warrant Certificates shall be substantially in the form attached as Schedule "A" hereto, subject to the provisions of this Indenture, with such additions, variations and changes as may be required or permitted by the terms of this Indenture, and to give effect to any Warrants not being issued as Uncertificated Warrants, and which may from time to time be agreed upon by the Warrant Agent and the Company, and shall have such legends, distinguishing letters and numbers as the Company may, with the approval of the Warrant Agent, prescribe. Except as hereinafter provided in this Article 2, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Company may determine. No change in the form of the Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities or property that may be acquired pursuant to the Warrants. All Warrants issued to CDS may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.8.

(2) Each Warrant authorized to be issued hereunder shall entitle the registered holder thereof to acquire (subject to sections 2.13, 2.14 and 2.15) upon due exercise and upon the transaction instruction or due execution of the exercise form endorsed on the Warrant Certificate, as applicable, or other instrument of exercise in such form as the Warrant Agent and/or the Company may from time to time prescribe and upon payment of the Exercise Price, one Warrant Share or such other kind and amount of shares or securities or property, calculated pursuant to the provisions of sections 2.13 and 2.14, as the case may be, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this Indenture.

(3) Fractional Warrants shall not be issued or otherwise provided for. If any fraction of a Warrant would otherwise be issuable and result in a fraction of a Warrant Share being issuable, any such fractional Warrant so issued shall be rounded down to the nearest whole Warrant without compensation therefor.

2.3 Signing of Warrant Certificates

Warrant Certificates shall be signed by any one of the directors or officers of the Company and may, but need not be under the corporate seal of the Company or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile or other electronic format and Warrant Certificates bearing such facsimile or other electronic format signatures shall be binding upon the Company as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or electronic signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate Authenticated or signed as aforesaid shall, subject to Section 2.4, be valid and binding upon the Company and the registered holder thereof will be entitled to the benefits of this Indenture.

2.4 Authentication by the Warrant Agent

(1) No Warrant shall be issued or, if issued, shall be valid for any purpose or entitle the registered holder to the benefit hereof or thereof until it has been Authenticated by or on behalf of the Warrant Agent, as applicable, and such Authentication by the Warrant Agent shall be conclusive evidence as against the Company that the Warrant so Authenticated has been duly issued hereunder and the holder is entitled to the benefits hereof.

(2) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise) by completing its Internal Procedures and the Company shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time, the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Company.

(3) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to acquire Warrant Shares, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.

(4) No Warrant Certificate shall be considered issued or shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by or on behalf of the Warrant Agent substantially in the form of the Warrant Certificate set out in Schedule "A" hereto. Such Authentication on any such Warrant Certificate shall be conclusive evidence that such Warrant Certificate is duly Authenticated and is valid and a binding obligation of the Company and that the holder is entitled to the benefits of this Indenture.

(5) The Authentication or certification of the Warrant Agent on the Warrants issued hereunder, including by way of entry on the register, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due Authentication and certification thereof) or as to the performance by the Company of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

2.5 Warrantholder not a Shareholder, etc.

Nothing in this Indenture or the holding of a Warrant shall be construed as conferring upon a Warrantholder any right or interest whatsoever as a shareholder, including but not limited to the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Company, nor entitle the holder to any right or interest in respect thereof except as herein and in the Warrants expressly provided.

2.6 Issue in Substitution for Lost Warrant Certificates

(1) If any Warrant Certificates issued and certified under this Indenture shall become mutilated or be lost, destroyed or stolen, the Company, subject to applicable law, and Section 2.6(2), shall issue and thereupon the Warrant Agent shall certify and deliver a new Warrant Certificate of like denomination, date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be substantially in the form set out in Schedule "A" hereto and Warrants evidenced by it will entitle the holder thereof to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to this Section shall bear the reasonable cost of the issue thereof and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated Warrant Certificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Company and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Company and to the Warrant Agent in their sole discretion, acting reasonably, and such applicant may be required to furnish an indemnity and surety bond in amount and form satisfactory to the Company and the Warrant Agent in their sole discretion, acting reasonably, and shall pay the reasonable charges of the Company and the Warrant Agent in connection therewith.

2.7 Warrants to Rank Pari Passu

All Warrants shall rank *pari passu* with all other Warrants, whatever may be the actual date of issue of the Warrants.

2.8 Registration and Transfer of Warrants

(1) The Warrant Agent will create and keep at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta:

(a) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them and the Warrant Agent shall be entitled to rely on such register in connection with the exchange, transfer, exercise or deemed exercise of any Warrant(s) pursuant to the terms of this Indenture or the terms thereof; and

(b) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(2) No transfer of any Warrant will be valid unless entered on the register of transfers referred to in Section 2.8(1), upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, and a duly completed and executed transfer form endorsed on the Warrant Certificate or in the case of Uncertificated Warrants a duly executed transaction instruction from the holder (or such other instructions, in form satisfactory to the Warrant Agent) executed by the registered holder or his executors, administrators or other legal representatives or his attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent, if applicable, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe and all applicable securities requirements of regulatory authorities, such transfer will be recorded on the register of transfers by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee a Warrant Certificate, or in the case of an Uncertificated Warrant, the Warrant Agent shall Authenticate and deliver a Warrant Certificate upon request that part of the Uncertificated Warrant be certificated. Transfers within the systems of CDS are not the responsibility of the Warrant Agent and will not be noted on the register maintained by the Warrant Agent.

(3) The transferee of any Warrant will, after surrender to the Warrant Agent of the Warrant as required by Section 2.8(2) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the register of holders referred to in Section 2.8(1) as the owner of such Warrant free from all equities or rights of setoff or counterclaim between the Company and the transferor or any previous holder of such Warrant, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

(4) The Company will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in Section 2.8(1), if such transfer would constitute a violation of the Securities Laws of any applicable jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with applicable Securities Laws.

(5) Any Warrant issued to a transferee upon transfers contemplated by this section 2.8 shall bear the appropriate legend as set forth in Section 2.20(2), if applicable.

(6) If a Warrant tendered for transfer bears the legend set forth in Section 2.20(2), the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant and complies with the requirements of the said Section 2.20(2).

(7) Warrants, in certificated form, bearing the legend set forth in Section 2.20(2) shall not be offered, sold, pledged or otherwise transferred, directly or indirectly, except (A) to the Company; (B) outside the United States in compliance with Rule 904 of Regulation S, if available, and in compliance with applicable local laws and regulations; (C) pursuant to an exemption from registration under the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, if available, and in compliance with applicable U.S. state securities laws; (D) in compliance with another exemption from registration under the U.S. Securities Act and applicable state securities laws; or (E) under an effective registration statement under the U.S. Securities Act, provided that in the case of transfers pursuant to (C)(i) or (D) above, a legal opinion or other evidence, reasonably satisfactory to the Company, must first be provided to the Company and the Warrant Agent to the effect that such transfer is exempt from registration under the U.S. Securities Act and applicable state securities laws..

(8) The Warrant Agent shall give notice to the Company of the transfer made by a Warrantholder pursuant to Section 2.8(7) and the Company shall provide written authorization to proceed with the transfer before such transfer is made effective by the issuance of the Warrant.

2.9 Registers Open for Inspection

The registers referred to in Section 2.8(1) shall be open at all reasonable times during business hours on a Business Day for inspection by the Company or any Warrantholder. The Warrant Agent shall, from time to time when requested to do so in writing by the Company, furnish the Company with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Warrant Agent and showing the number of Warrants held by each such holder.

2.10 Exchange of Warrants

(1) Warrants may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrants in any other authorized denomination representing in the aggregate an equal number of Warrants as the number of Warrants represented by the Warrants being exchanged. The Company shall sign and the Warrant Agent shall Authenticate or certify, in accordance with sections 2.3 and 2.4, all Warrants necessary to carry out the exchanges contemplated herein.

(2) Warrants may be exchanged only at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta or at any other place that is designated by the Company with the approval of the Warrant Agent. Any Warrants tendered for exchange shall be surrendered to the Warrant Agent and cancelled.

(3) Except as otherwise herein provided, the Warrant Agent may charge Warrantholders requesting an exchange a reasonable sum for each Warrant Certificate issued; and payment of such charges and reimbursement of the Warrant Agent or the Company for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange as a condition precedent to such exchange.

2.11 Ownership of Warrants

The Company and the Warrant Agent and their respective agents may deem and treat the registered holder of any Warrant as the absolute owner of the Warrant represented thereby for all purposes and the Company and the Warrant Agent and their respective agents shall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Warrant shall be entitled to the rights evidenced by that Warrant free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction and all persons may act accordingly and the receipt by any holder of the Warrant Shares or monies obtainable pursuant to the exercise of the Warrant shall be a good discharge to the Company and the Warrant Agent for the same and neither the Company nor the Warrant Agent shall be bound to inquire into the title of any holder.

2.12 Uncertificated Warrants

(1) Registration and re-registration of beneficial interests in and transfers of Warrants held by CDS shall be made only through the Book-Entry Only System and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by CDS, as determined by the Company, from time to time. Except as provided in this Section 2.12, owners of beneficial interests in any Uncertificated Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register referred to in Section 2.8 herein. Notwithstanding any terms set out herein, Warrants subject to the restrictions and any legend set forth in Section 2.20 herein and held in the name of CDS may only be held in the form of Uncertificated Warrants with the prior consent of the Company and CDS.

(2) If any Warrant is issued in uncertificated form and any of the following events occurs:

(a) CDS or the Company has notified the Warrant Agent that (A) CDS is unwilling or unable to continue as depository or (B) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Company is unable to locate a qualified successor depository within ninety (90) days of delivery of such notice;

(b) the Company has determined, in its sole discretion, acting reasonably, to terminate the Book-Entry Only System in respect of such Uncertificated Warrants and has communicated such determination to the Warrant Agent in writing;

(c) the Company or CDS is required by applicable law to take the action contemplated in this section;

(d) there is an exercise of Warrants pursuant to 3.1(4) and the Warrantholder is unable to make the representations in 3.1(4) (a), (b), (c) and (d) thereto; or

(e) the Book-Entry Only System administered by CDS ceases to exist,

then one or more definitive fully registered Warrant Certificates shall be executed by the Company and certified and delivered by the Warrant Agent to CDS in exchange for the Uncertificated Warrants held by CDS. The Company shall provide an Officer's Certificate giving notice to the Warrant Agent of the occurrence of any event outlined in this Section 2.12(2).

Fully registered Warrant Certificates issued and exchanged pursuant to this section shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Uncertificated Warrants so exchanged. Upon exchange of Uncertificated Warrants for one or more Warrant Certificates in definitive form, such Uncertificated Warrants shall be cancelled by the Warrant Agent.

(3) Subject to the provisions of this Section 2.12, any exchange of Warrants for Warrants which are not Uncertificated Warrants may be made in whole or in part in accordance with the provisions of Section 2.10, *mutatis mutandis*. All such Warrants issued in exchange for Uncertificated Warrants or any portion thereof shall be registered in such names as CDS for such Uncertificated Warrants shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to Uncertificated Warrants) as the Uncertificated Warrants or portion thereof surrendered upon such exchange.

(4) Every Warrant Authenticated upon registration of transfer of Uncertificated Warrants, or in exchange for or in lieu of Uncertificated Warrants or any portion thereof, whether pursuant to this Section 2.12, or otherwise, shall be Authenticated in the form of, and shall be, an Uncertificated Warrant, unless such Warrant is registered in the name of a person other than CDS for such Uncertificated Warrant or a nominee thereof.

(5) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the Warrants to be issued to CDS or a nominee thereof will be issued as an Uncertificated Warrant, unless otherwise requested in writing by CDS or the Company.

(6) The rights of Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System shall be limited to those established by applicable law and agreements between CDS and the Participants and between such Participants and the Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System, and such rights must be exercised through a Participant in accordance with the rules and procedures of CDS.

(7) Notwithstanding anything herein to the contrary, neither the Company nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(a) the electronic records maintained by CDS relating to any ownership interests or any other interests in the Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by an electronic position in the Book-Entry Only System (other than CDS or its nominee);

(b) maintaining, supervising or reviewing any records of CDS or any Participant relating to any such interest; or

(c) any advice or representation made or given by CDS or those contained herein that relate to the rules and regulations of CDS or any action to be taken by CDS on its own direction or at the direction of any Participant.

(8) The Company may terminate the application of this Section 2.12 in its sole discretion, acting reasonably, in which case all Warrants shall be evidenced by Warrant Certificates registered in the name(s) of a person other than CDS.

2.13 Adjustment of Exchange Basis

Subject to Section 2.14, the Exchange Basis shall be subject to adjustment from time to time in the events and in the manner provided as follows:

(1) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall:

(a) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants); or

(b) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares; or

(c) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these paragraphs (a), (b) or (c) being called a "**Common Share Reorganization**"), then the Exchange Basis in effect on the effective date of such subdivision or consolidation, or on the record date of such stock dividend or other distribution, as the case may be, shall be adjusted by multiplying the Exchange Basis in effect immediately prior to such effective or record date by a fraction:

(a) the numerator of which shall be the total number of Common Shares outstanding on such date immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date, assuming in any case where such securities are not then convertible or exchangeable but subsequently become so, that they were convertible or exchangeable on the record date on the basis upon which they first become convertible or exchangeable), and

(b) the denominator of which shall be the total number of Common Shares outstanding on such date before giving effect to such Common Share Reorganization.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. To the extent that any adjustment in the Exchange Basis occurs pursuant to this Section 2.13(1) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares and the Common Share Reorganization does not occur or any conversion or exchange rights are not fully exercised, the Exchange Basis shall be readjusted immediately after the expiry of any relevant exchange or conversion right or the termination of the Common Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Common Shares actually issued and remaining issuable pursuant to the Common Share Reorganization after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(2) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of rights, options or warrants entitling them, for a period expiring not more than forty-five (45) days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price on such record date (any of such events being called a "**Rights Offering**"), then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of all of the rights, options or warrants under the Rights Offering and assuming the exchange for or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, options or warrants, if any), and

(b) the denominator of which shall be the aggregate of:

(i) the total number of Common Shares outstanding as of the record date for the Rights Offering, and

(ii) a number of Common Shares determined by dividing

(A) the amount equal to the aggregate consideration payable on the exercise of all of the rights, options and warrants under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, options or warrants (assuming the exercise of all rights, options and warrants under the Rights Offering and assuming the exchange or conversion of all exchangeable or convertible securities issued upon exercise of such rights, options and warrants);

by

(B) the Current Market Price as of the record date for the Rights Offering.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership in which the Company is directly or indirectly a party to will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Common Shares, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Common Shares.

(3) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the issuance or distribution to all or substantially all the holders of its outstanding Common Shares of:

(a) shares of the Company of any class other than Common Shares; or

(b) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares; or

(c) evidences of indebtedness; or

(d) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exchange Basis shall be adjusted effective immediately after such record date for the Special Distribution by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, and

(b) the denominator of which shall be:

(A) the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less

(B) the fair market value, as determined by action by the board of directors acting reasonably and in good faith (whose determination, absent manifest error, shall be conclusive), to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or securities, property or other assets issued or distributed in the Special Distribution provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date.

The resulting product, adjusted to the nearest $1/100^{th}$, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership of which the Company is directly or indirectly a party, will be deemed not to be outstanding for the purpose of any such computation.

(4) If and whenever, at any time after the date hereof and prior to the Time of Expiry, there shall be a reclassification of the Common Shares at any time outstanding or change or exchange of the Common Shares into or for other shares or into or for other securities or property (other than a Common Share Reorganization), or a consolidation, amalgamation, arrangement or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change or exchange of the Common Shares into or for other shares, securities or property), or a transfer (other than to a Subsidiary) of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a "**Capital Reorganization**"), any Warrantholder who thereafter shall exercise his right to receive Warrant Shares pursuant to Warrant(s) shall be entitled to receive, and shall accept in lieu of the number of Warrant Shares to which such holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Warrant Shares to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions in this Indenture with respect to the rights and interests thereafter of Warrantholders to the end that the provisions in this Indenture shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors of the Company and by the Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(5) Any adjustment to the Exchange Basis as set forth herein shall also include a corresponding adjustment to the Price which shall be calculated by multiplying the Price by a fraction: (a) the numerator of which shall be the Exchange Basis prior to the adjustment, and

(b) the denominator of which shall be the Exchange Basis after the adjustment.

2.14 Rules Regarding Calculation of Adjustment of Exchange Basis

For the purposes of Section 2.13:

(1) The adjustments provided for in Section 2.13 shall be cumulative and such adjustments shall be made successively whenever an event referred to in Section 2.13 shall occur, subject to the following subsections of this Section 2.14.

(2) No adjustment in the: (a) Exchange Basis shall be required unless such adjustment would result in a change of at least 0.01 of a Warrant Share based on the prevailing Exchange Basis; or (b) the Price shall be required unless such adjustment would result in a change of at least 1% of the Price, provided that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

(3) No adjustment in the Exchange Basis or the Price shall be made in respect of any event described in Section 2.13, other than the events referred to in paragraphs (b) and

(c) of subsection (1) thereof, if Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if Warrantholders had exercised their Warrants prior to or on the effective date or record date of such event, any such participation being subject to regulatory approval.

(4) No adjustment in the Exchange Basis or the Price shall be made pursuant to Section 2.13 in respect of (i) the issue from time to time of Warrant Shares purchasable on exercise of the Warrants and any such issue shall be deemed not to be a Common Share Reorganization; (ii) a Dividend Paid in the Ordinary Course; or (iii) a distribution of Common Shares pursuant to the exercise of stock options granted under stock option plans of the Company.

(5) If a dispute shall at any time arise with respect to adjustments provided for in Section 2.13, such dispute shall, absent manifest error, be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Company, the Warrant Agent and the Warrantholders.

(6) If the Company shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(7) In the absence of a resolution of the directors fixing a record date for a Rights Offering or Special Distribution, the Company shall be deemed to have fixed as the record date therefor the date on which the Rights Offering or Special Distribution is effected.

(8) If the purchase price provided for in any Rights Offering (the "**Rights Offering Price**") is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to Section 2.13(2) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of Section 2.13.

(9) As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exchange Basis, the Company shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Company have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(10) In case the Company, after the date hereof, shall take any action affecting any Common Shares, other than action described in Section 2.13, which in the opinion of the directors acting reasonably and in good faith would materially affect the rights of Warrantholders, the Exchange Basis shall be adjusted in such manner, if any, and at such time, as the directors, in their sole discretion acting reasonably and in good faith, may determine to be equitable in the circumstances. Failure of the taking of any action by the directors so as to provide for an adjustment in the Exchange Basis prior to the effective date of any action by the Company affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.

(11) The Warrant Agent shall be entitled to act and rely on any adjustment calculations by the Company or the Company's Auditors.

2.15 Postponement of Subscription

In any case where the application of Section 2.13 results in an increase in the number of Common Shares that are issuable upon exercise of the Warrants taking effect immediately after the record date for a specific event, if any Warrant is exercised after that record date and prior to completion of such specific event, the Company may postpone the issuance to the Warrantholder of the Warrant Shares to which he is entitled by reason of such adjustment, but such Warrant Shares shall be so issued and delivered to that holder upon completion of that event, with the number of such Warrant Shares calculated on the basis of the number of Warrant Shares on the date that the Warrant was exercised, adjusted for completion of that event and the Company shall deliver to the person or persons in whose name or names the Warrant Shares are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Warrant Shares and the right to receive any dividends or other distributions which, but for the provisions of this Section 2.15, such person or persons would have been entitled to receive in respect of such Warrant Shares from and after the date that the Warrant was exercised in respect thereof.

2.16 Notice of Adjustment

(1) At least fourteen (14) days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to Section 2.13, the Company shall:

(a) file with the Warrant Agent a certificate of the Company specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based; and

(b) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(2) In case any adjustment for which a notice in Section 2.16(1) has been given is not then determinable, the Company shall promptly after such adjustment is determinable:

(a) file with the Warrant Agent a computation of such adjustment; and

(b) give notice to the Warrantholders of the adjustment.

(3) The Warrant Agent may and shall be protected in so doing, absent manifest error, act and rely upon certificates of the Company and other documents filed by the Company pursuant to this Section 2.16 for all purposes of the adjustment.

2.17 No Action after Notice

The Company covenants with the Warrant Agent that it will not close its books nor take any other corporate action which might deprive a Warrantholder of the opportunity of exercising the rights of acquisition pursuant thereto during the period of ten (10) days after the giving of the notice set forth in paragraph (b) of Sections 2.16(1) and (2).

2.18 Purchase of Warrants for Cancellation

The Company may, at any time and from time to time, purchase Warrants by invitation to tender, by private contract, on any stock exchange (if then listed) or otherwise (which shall include a purchase through an investment dealer or firm holding membership on a Canadian stock exchange) on such terms as the Company may determine. All Warrants purchased pursuant to the provisions of this Section 2.18 shall be forthwith delivered to and cancelled by the Warrant Agent and shall not be reissued. If required by the Company, the Warrant Agent shall furnish the Company with a certificate as to such destruction.

2.19 Protection of Warrant Agent

The Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any registered holder of Warrants to determine whether any facts exist that may require any adjustment contemplated by this Article 2, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;

(b) be accountable with respect to the validity or value or the kind or amount of any Warrant Shares or of any other securities or property that may at any time be issued or delivered upon the exercise of the Warrants;

(c) be responsible for any failure of the Company to make any cash payment, to issue, transfer or deliver Warrant Shares or certificates upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in Section 2.13; or

(d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the representations, warranties or covenants of the Company or any acts or deeds of the agents or servants of the Company.

2.20 U.S. Legend on Warrant Certificates and Warrant Share certificates

(1) The Warrant Agent understands and acknowledges that the Warrants and the Warrant Shares issuable upon exercise of the Warrants have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States.

(2) Each Warrant, in certificated form, originally issued in the United States or, to or for the account or benefit of, a U.S. Person, and all Warrant Shares issued upon exercise of such Warrants, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY [*for Warrants, add*: AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY [*for Warrants, add*: AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF] MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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."

[*for Warrants, include*: "THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."]

provided that, if the Warrants or Warrant Shares issuable upon exercise of the Warrants are being sold in accordance with Rule 904 of Regulation S, the legend may be removed by providing to the Warrant Agent or the Transfer Agent, as the case may be, (i) a declaration in the form attached hereto as Schedule "B" (or as the Company may prescribe from time to time in order to address changes in applicable laws) and (ii) if required by the Transfer Agent, an opinion of counsel, of recognized standing reasonably satisfactory to the Company, or other evidence reasonably satisfactory to the Company, that the proposed transfer may be effected without registration under the U.S. Securities Act.

provided further, that if the Warrants or Warrant Shares are being sold pursuant to Rule 144 under the U.S. Securities Act, if available, the legend may be removed by delivering to the Company and the Warrant Agent or the Transfer Agent, as the case may be, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

(3) If a Warrant or Warrant Share issued with respect to an exercise of Warrants is tendered for transfer and bears the legend set forth in Section 2.20(2) herein and the holder thereof has not obtained the prior written consent of the Company, the Warrant Agent or the Transfer Agent, as the case may be, shall not register such transfer unless the holder complies with the requirements of the said Section 2.20(2) hereof.

ARTICLE 3 EXERCISE OF WARRANTS

3.1 Method of Exercise of Warrants

(1) The registered holder of any Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Warrant Shares to which such Warrant entitles the holder, by surrendering the Warrant Certificate representing such Warrants to the Warrant Agent at any time prior to the Time of Expiry at its principal stock transfer offices in the City of Calgary, Alberta (or at such additional place or places as may be decided by the Company from time to time with the approval of the Warrant Agent), with a duly completed and executed exercise form of the registered holder or his executors, administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, substantially in the form endorsed on the Warrant Certificate specifying the number of Warrant Shares subscribed for together with a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Company in an amount equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for. A Warrant Certificate with the duly completed and executed exercise form and payment of the Exercise Price shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent.

(2) Any exercise form referred to in Section 3.1(1) shall be signed by the Warrantholder, or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, but such exercise form need not be executed by CDS. Such exercise form shall specify the person(s) in whose name such Warrant Shares are to be issued, the address(es) of such person(s) and the number of Warrant Shares to be issued to each person, if more than one is so specified. If any of the Warrant Shares subscribed for are to be issued to person(s) other than the Warrantholder, the Warrantholder shall also complete the transfer form, substantially in the form endorsed on the Warrant Certificate. The signatures set out in the exercise form referred to in Section 3.1(1) and the signatures set out in the transfer form shall be guaranteed by a Canadian Schedule 1 chartered bank or a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program and the Warrantholder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing Warrant Shares unless or until such Warrantholder shall have paid to the Company or the Warrant Agent on behalf of the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid or that no tax is due.

(3) If, at the time of exercise of the Warrants, in accordance with the provisions of Section 3.1(1), there are any trading restrictions on the Warrant Shares pursuant to applicable Securities Laws or stock exchange requirements, the Company shall, on the advice of counsel, endorse any certificates representing the Warrant Shares to such effect. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company.

(4) A Beneficial Owner who desires to exercise his, her or its Uncertificated Warrants, must do so by causing a Participant to deliver to CDS (at its office in the City of Toronto, Ontario), on behalf of the Beneficial Owner at any time prior to the Time of Expiry, a written notice of the Beneficial Owner's intention to exercise Warrants (the "**Exercise Notice**"); provided, that a Beneficial Owner holding Uncertificated Warrants that is in the United States or that is a U.S. Person will first request the withdrawal of the Uncertificated Warrant(s) from the Book-Entry Only System and request certificated Warrant(s) in exchange for such Uncertificated Warrant(s). Forthwith upon receipt by CDS of such notice, as well as payment for the Exercise Price, CDS shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (the "**Confirmation**") in a manner acceptable to the Warrant Agent, including by electronic means through the Book-Entry Only System, including CDSX. An electronic exercise of the Warrants initiated by the Beneficial Owner through a Book-Entry Only System, including CDSX, shall constitute a representation to both the Company and the Warrant Agent that the Beneficial Owner at the time of exercise of such Warrants (a) is not in the United States; (b) did not acquire the Warrants in the United States or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (c) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a person in the United States; and (d) did not execute or deliver the notice of the owner's intention to exercise such Warrants in the United States. If the Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the Book-Entry Only System, including CDSX, by the Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such Beneficial Owner or Participant and the exercise procedures set forth in Section 3.1(1) shall be followed. Payment representing the aggregate Exercise Price must be provided to the appropriate office of the Participant in a manner acceptable to it. A notice in form acceptable to the Participant and payment from such Beneficial Owner should be provided through the Book-Entry Only System sufficiently in advance so as to permit the Participant to deliver notice and payment to CDS and for CDS in turn to deliver notice and payment to the Warrant Agent prior to Time of Expiry. CDS will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to CDS through the Book- Entry Only System the Warrant Shares to which the exercising Beneficial Owner is entitled pursuant to the exercise. Any expense associated with the preparation and delivery of Exercise Notices will be for the account of the Beneficial Owner exercising the Warrants.

(5) By causing a Participant to deliver notice to CDS, a Warrantholder shall be deemed to have irrevocably surrendered his, her or its Warrants so exercised and appointed such Participant to act as his, her or its exclusive settlement agent with respect to the exercise and the receipt of Warrant Shares in connection with the obligations arising from such exercise.

(6) Any notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Participant to exercise or to give effect to the settlement thereof in accordance with the Beneficial Owner's instructions will not give rise to any obligations or liability on the part of the Company or Warrant Agent to the Participant or the Beneficial Owner.

(7) Any exercise referred to in this Section 3.1 shall require that the entire Exercise

Price for the Warrant Shares subscribed for must be paid at the time of subscription and such Exercise Price and original Exercise Notice or exercise form executed by the Registered Warrantholder or the Confirmation from CDS must be received by the Warrant Agent prior to the Time of Expiry.

(8) Warrants may only be exercised pursuant to this Section 3.1 by or on behalf of a Warrantholder, as applicable, who makes the certifications set forth on the exercise form substantially in the form endorsed on the Warrant Certificate.

(9) If the exercise form set forth in the Warrant Certificate shall have been amended, the Company shall cause the amended exercise form to be forwarded to all registered Warrantholders.

(10) Exercise forms, Exercise Notices and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Time of Expiry. Any exercise form, Exercise Notice or Confirmation received by the Warrant Agent after business hours on any Business Day other than the Time of Expiry will be deemed to have been received by the Warrant Agent on the next following Business Day.

(11) Any Warrant with respect to which a Confirmation is not received by the Warrant Agent before the Time of Expiry shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.

3.2 No Fractional Shares

Under no circumstances shall the Company be obliged to issue any fractional Warrant Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Warrant Share, that holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Warrant Shares.

3.3 Effect of Exercise of Warrants

(1) Upon compliance by the Warrantholder with the provisions of Section 3.1, the Warrant Shares subscribed for shall be deemed to have been issued and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the Exercise Date unless the transfer registers of the Company for the Common Shares shall be closed on such date, in which case the Warrant Shares subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer registers are reopened.

(2) The Warrant Agent shall as soon as practicable account to the Company with respect to Warrants exercised, and shall as soon as practicable forward to the Company (or into an account or accounts of the Company with the bank or trust company designated by the Company for that purpose), all monies received by the Warrant Agent on the subscription of Warrant Shares through the exercise of Warrants. All such monies and any securities or other instruments, from time to time received by the Warrant Agent, shall be received in trust for the Warrantholders and the Company as their interests may appear and shall be segregated and kept apart by the Warrant Agent.

(3) Within five Business Days following the due exercise of a Warrant pursuant to Section 3.1, the Company shall cause the Transfer Agent to issue and the Warrant Agent to deliver, within such five Business Day period, to CDS through the Book-Entry Only System the Warrant Shares to which the exercising Warrantholder is entitled pursuant to the exercise or mail to the person in whose name the Warrant Shares so subscribed for are to be issued, as specified in the exercise form completed on the Warrant Certificate, at the address specified in such exercise form, a certificate or certificates for the Warrant Shares to which the Warrantholder is entitled or, if so specified in writing by the holder, cause to be delivered to such person or persons at the office of the Warrant Agent where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Warrant Shares subscribed for, or any other appropriate evidence of the issuance of Warrant Shares to such person or persons in respect of Warrant Shares issued under the Book-Entry Only System and, if applicable, shall cause the Warrant Agent to mail a Warrant Certificate representing any Warrants not then exercised.

3.4 Cancellation of Warrants

All Warrants surrendered to the Warrant Agent pursuant to sections 2.6, 2.8(2), 2.10 or 3.1 shall be cancelled by the Warrant Agent and the Warrant Agent shall record the cancellation of such Warrants on the register of holders maintained by the Warrant Agent pursuant to Section 2.8(1). The Warrant Agent shall, if required by the Company, furnish the Company with a certificate identifying the Warrants so cancelled. All Warrants that have been duly cancelled shall be without further force or effect whatsoever.

3.5 Subscription for less than Entitlement

The holder of any Warrant may subscribe for and purchase a whole number of Warrant Shares that is less than the number that the holder is entitled to purchase pursuant to a surrendered Warrant. In such event, the holder thereof shall be entitled to receive a new Warrant Certificate in respect of the balance of Warrants that were not then exercised, such new Warrant Certificate to contain the same legend as provided for in Section 2.20(2), if applicable.

3.6 Expiration of Warrant

After the Time of Expiry, all rights under any Warrant in respect of which the right of subscription and purchase herein and therein provided for shall not theretofore have been exercised shall wholly cease and terminate and such Warrant shall be void and of no effect.

3.7 Prohibition on Exercise by U.S. Persons; Exception

(1) Warrants may not be exercised within the United States or by or on behalf of, or for the account or benefit of, any U.S. Person or any person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Warrant Agent shall be entitled to rely upon the registered address of the Warrantholder as set forth in the Warrantholders register for the purchase of Units in determining whether the address is in the United States or the Warrantholder is a U.S. Person.

(2) Any holder which exercises any Warrants shall provide to the Company either:

(a) a written certification that such holder (a) at the time of exercise of the Warrants is not in the United States; (b) is not a U.S. Person and is not exercising the Warrants on behalf of a U.S. Person or person in the United States; (c) did not execute or deliver the exercise form for the Warrants in the United States; and (d) has in all other aspects complied with the terms of an "offshore transaction" as defined under Regulation S (which written certification shall be deemed delivered by checking Box 1 in the Exercise Form attached to the Warrant, as provided for in Schedule "A" hereof); or

(b) a written certification that the holder (i) purchased the Warrants as part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Qualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder's QIB Letter remain true and correct on the Exercise Date (which written certification shall be deemed delivered by checking Box 2 in the Exercise Form attached to the Warrant, as provided for in Schedule "A" hereof); or

(c) a written opinion of counsel of recognized standing in form and substance satisfactory to the Company or evidence satisfactory to the Company to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available for the issuance of the Warrant Shares issuable on exercise of the Warrants.

(3) No Warrant Shares will be registered or delivered to an address in the United States unless the holder of Warrants complies with the requirements of paragraph (b) or (c) of Section 3.7(2).

ARTICLE 4 COVENANTS FOR WARRANTHOLDERS' BENEFIT

4.1 General Covenants of the Company

The Company represents, warrants and covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that:

(1) The Company will at all times, so long as any Warrants remain outstanding or issuable hereunder, maintain its existence, unless otherwise inconsistent with the fiduciary duties of the board of directors of the Company, and will keep or cause to be kept proper books of account in accordance with applicable law until the Time of Expiry.

(2) The Company is duly authorized to create and issue the Warrants to be issued hereunder and the Warrants, when issued, Authenticated and countersigned, as applicable, will be legal, valid, binding and enforceable obligations of the Company.

(3) The Company will reserve and keep available a sufficient number of Warrant Shares for the purpose of enabling the Company to satisfy its obligations to issue Common Shares upon the exercise of the Warrants, and all Warrants Shares shall, when issued as provided herein, be valid and enforceable against the Company.

(4) The Company will cause the Warrant Shares from time to time subscribed for pursuant to the Warrants issued by the Company hereunder, in the manner herein provided, to be duly issued in accordance with the Warrants and the terms hereof.

(5) All Warrant Shares that shall be issued by the Company upon exercise of the rights provided for herein shall be issued as fully paid and non-assessable Common Shares of the Company.

(6) The Company will use commercially reasonable efforts to ensure that the Warrants, and the Common Shares outstanding on the date hereof and issuable from time to time on the exercise of the Warrants, continue to be or are listed and posted for trading on the CSE (or such other Canadian stock exchange acceptable to the Company), provided that this Section 4.1(6) shall not be construed as limiting or restricting the Company from completing a consolidation, amalgamation, arrangement, takeover bid, merger or other form of business combination that would result in the Warrants and/or the Common Shares ceasing to be listed and posted for trading on such exchanges, so long as the holders of Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the policies of such exchanges or the holders of Common Shares receive securities of an entity which is listed on a stock exchange in North America or cash.

(7) Except to the extent that the Company participates in a takeover bid, consolidation, merger, arrangement, amalgamation, or other form of business combination transaction, the Company will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) in each of the provinces of Canada and other Canadian jurisdictions in which it is currently or becomes a reporting issuer, make all requisite filings under applicable Securities Laws including those necessary to remain a reporting issuer not in default of the requirements of the applicable Securities Laws of such province or jurisdiction, until the Time of Expiry.

(8) The Company will perform and carry out all of the acts or things to be done by it as provided in this Indenture.

(9) The Company will not take any action or omit to take any action which would have the effect of preventing the Warrantholders from receiving any of the Warrant Shares issuable upon the exercise of the Warrants.

(10) The Company will promptly advise the Warrant Agent and the Warrantholders in writing of any breach or default under the terms of this Indenture no later than five (5) Business Days following the occurrence of such breach or default.

(11) If, in the opinion of counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from any securities regulatory authority, or any other step is required under any federal or provincial law of Canada before the Warrant Shares may be issued and delivered to a Warrantholder, the Company covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

4.2 Warrant Agent's Remuneration and Expenses

The Company covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed. Any amount owing hereunder and remaining unpaid after thirty (30) days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

4.3 Performance of Covenants by Warrant Agent

Subject to Section 8.7, if the Company shall fail to perform any of its covenants contained in this Indenture and the Company has not rectified such failure within twenty-five (25) Business Days after either giving notice of such default pursuant to Section 4.1(10) or receiving written notice from the Warrant Agent of such failure, the Warrant Agent may notify the Warrantholders of such failure on the part of the Company or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants. All reasonable sums expended or disbursed by the Warrant Agent in so doing shall be repayable as provided in Section 4.2. No such performance, expenditure or advance by the Warrant Agent shall be deemed to relieve the Company of any default hereunder or of its continuing obligations under the covenants herein contained.

4.4 Enforceability of Warrants

The Company covenants and agrees that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and Authenticated as herein provided, will be valid and enforceable against the Company in accordance with the provisions hereof and that, subject to the provisions of this Indenture, the Company will cause the Warrant Shares from time to time acquired upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

ARTICLE 5 ENFORCEMENT

5.1 Suits by Warrantholders

Subject to Section 6.10, all or any of the rights conferred upon a Warrantholder by the terms of the Warrants held by him and/or this Indenture may be enforced by such Warrantholder by appropriate legal proceedings but without prejudice to the right that is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the holders of the Warrants from time to time outstanding. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

5.2 Limitation of Liability

The obligations hereunder (including without limitation under Section 8.7(5)) are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Company or any of the past, present or future officers, employees or agents of the Company, but only the property of the Company (or any successor person) shall be bound in respect hereof.

5.3 Waiver of Default

Upon the happening of any default hereunder:

(a) the Warrantholders of not less than 50% plus 1 of the Warrants then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

(b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, on the advice of counsel, if, in the Warrant Agent's opinion, based on the advice of counsel, the same shall have been cured or adequate provision made therefor,

provided that no delay or omission of the Warrant Agent or of the Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warrantholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 6 MEETINGS OF WARRANTHOLDERS

6.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Company or of a Warrantholders' Request, convene a meeting of the Warrantholders provided that the Warrant Agent has been provided with sufficient funds and is indemnified to its reasonable satisfaction by the Company or by the Warrantholders signing such Warrantholders' Request against the costs, charges, expenses and liabilities that may be incurred in connection with the calling and holding of such meeting. If within fifteen (15) Business Days after the receipt of a written request of the Company or a Warrantholders' Request, funding and indemnity given as aforesaid the Warrant Agent fails to give the requisite notice specified in Section 6.2 to convene a meeting, the Company or such Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Warrant Agent.

6.2 Notice

At least fourteen (14) days prior notice of any meeting of Warrantholders shall be given to the Warrantholders at the expense of the Company in the manner provided for in Section 9.2 and a copy of such notice shall be delivered to the Warrant Agent unless the meeting has been called by it, and to the Company unless the meeting has been called by it. Such notice shall state the date, time and place of the meeting, the general nature of the business to be transacted and shall contain such information as is reasonably necessary to enable the Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 6. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or of the Company or the person designated by such Warrantholders, as the case may be.

6.3 Chairman

The Warrant Agent may nominate in writing an individual (who need not be a Warrantholder) to be chairman of the meeting and if no individual is so nominated, or if the individual so nominated is not present within fifteen (15) minutes after the time fixed for the holding of the meeting, the Warrantholders present in person or by proxy shall appoint an individual present to be chairman of the meeting. The chairman of the meeting need not be a Warrantholder.

6.4 Quorum

Subject to the provisions of Section 6.11, at any meeting of the Warrantholders a quorum shall consist of two Warrantholders present in person or represented by proxy and representing at least 20% of the aggregate number of Warrants then outstanding. If a quorum of the Warrantholders shall not be present within one-half hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place to the extent possible and, subject to the provisions of Section 6.11, no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting that might have been dealt with at the original meeting in accordance with the notice calling the same. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not represent at least 20% of the aggregate number of Warrants then unexercised and outstanding. No business shall be transacted at any meeting, except an adjourned meeting as described above, unless a quorum is present at the commencement of business.

6.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

6.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

6.7 Poll and Voting

On every extraordinary resolution, and when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy on any other question submitted to a meeting and after a vote by show of hands, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll. On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each whole Warrant then held by her. A proxy need not be a Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by her.

6.8 Regulations

Subject to the provisions of this Indenture, the Warrant Agent or the Company with the approval of the Warrant Agent may from time to time make and from time to time vary such regulations as it shall consider necessary or appropriate generally for the calling of meetings of Warrantholders and the conduct of business thereat including setting a record date for Warrantholders entitled to receive notice of or to vote at such meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 6.9), shall be Warrantholders or persons holding proxies of Warrantholders.

6.9 Company, Warrant Agent and Counsel may be Represented

The Company and the Warrant Agent, by their respective directors, officers and employees and the counsel for each of the Company, the Warrantholders and the Warrant Agent may attend any meeting of the Warrantholders and speak thereat but shall not be entitled to vote unless in their capacities as Warrantholders or proxies therefor.

6.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warrantholders at a meeting shall have the power, exercisable from time to time by extraordinary resolution:

(a) to agree with the Company to any modification, alteration, compromise or arrangement of the rights of Warrantholders and/or the Warrant Agent in its capacity as Warrant Agent hereunder (subject to the Warrant Agent's approval) or on behalf of the Warrantholders against the Company, whether such rights arise under this Indenture or the Warrants or otherwise;

(b) to amend, modify or repeal any extraordinary resolution previously passed or sanctioned by the Warrantholders;

(c) to direct or authorize the Warrant Agent (subject to the Warrant Agent receiving funding and indemnity) to enforce any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;

(d) to waive, authorize and direct the Warrant Agent to waive any default on the part of the Company in complying with any provisions of this Indenture or the Warrants either unconditionally or upon any conditions specified in such extraordinary resolution;

(e) to restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Company for the enforcement of any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders;

(f) to direct any Warrantholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with any such suit, action or proceeding, upon payment of the costs, charges and expenses reasonably and properly incurred by such Warrantholder in connection therewith;

(g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Company, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission; and

(h) with the consent of the Company, such consent not to be unreasonably withheld, to remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed.

6.11 Meaning of "Extraordinary Resolution"

(1) The expression "**extraordinary resolution**" when used in this Indenture means, subject as hereinafter in this Section 6.11 and in Section 6.14 provided, a resolution proposed at a meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 6 at which there are present in person or by proxy at least two Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants and passed by the affirmative votes of Warrantholders representing not less than $66^{2}/_{3}$% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution.

(2) If, at any meeting called for the purpose of passing an extraordinary resolution, Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy within one-half hour after the time appointed for the meeting, then the meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than ten (10) Business Days later, and to such place and time as may be appointed by the chairman. Not less than three (3) Business Days prior notice shall be given of the time and place of such adjourned meeting in the manner provided in sections 9.1 and 9.2. Such notice shall state that at the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 6.11(1) shall be an extraordinary resolution within the meaning of this Indenture notwithstanding that Warrantholders representing at least 20% of all the then outstanding Warrants are not present in person or represented by proxy at such adjourned meeting.

(3) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

6.12 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantholders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholders to exercise such powers or combination of powers then or thereafter from time to time.

6.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Warrantholders as aforesaid shall be made and duly entered in books to be provided for that purpose by the Warrant Agent at the expense of the Company and any minutes as aforesaid, if signed by the chairman of the meeting at which resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Warrantholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken, to have been duly passed and taken.

6.14 Instruments in Writing

All actions that may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 6 may also be taken and exercised by Warrantholders representing a majority, or in the case of an extraordinary resolution at least 66$^{2}/_{3}$%, of the aggregate number of all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by attorney duly appointed in writing, and the expression "extraordinary resolution" when used in this Indenture shall include an instrument so signed.

6.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 6 at a meeting of Warrantholders shall be binding upon all the Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Warrantholders in accordance with Section 6.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing. In the case of an instrument in writing, the Warrant Agent shall give notice in the manner contemplated in sections 9.1 and 9.2 of the effect of the instrument in writing to all Warrantholders and the Company as soon as is reasonably practicable.

6.16 Holdings by the Company or Subsidiaries of the Company Disregarded

In determining whether Warrantholders are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Company or its Subsidiaries or in partnership of which the Company is directly or indirectly a party to shall be disregarded.

6.17 Common Shares or Warrants Owned by the Company or its Subsidiaries – Certificate to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Company in Section 6.16, the Company shall provide to the Warrant Agent, upon written request, a certificate of the Company setting forth as at the date of such certificate:

(a) the names (other than the name of the Company) of the Warrantholders which, to the knowledge of the Company, hold Warrants that are owned by or held for the account of the Company; and

(b) the number of Warrants owned legally or beneficially by the Company, and the Warrant Agent, in making the computations in Section 6.16, shall be entitled to rely on such certificate without any additional evidence

ARTICLE 7
SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES

7.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Company (if properly authorized by its directors) and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) providing for the issuance of additional Warrants hereunder including Warrants in excess of the number set out in Section 2.1 and any consequential amendments hereto as may be required by the Warrant Agent, relying on the advice of counsel;

(b) setting forth adjustments in the application of Article 2;

(c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel are necessary or advisable, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(d) giving effect to any extraordinary resolution passed as provided in Article 6;

(e) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(f) adding to or amending the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants and making any modification in the form of the Warrant Certificate that does not affect the substance thereof;

(g) amending any of the provisions of this Indenture or relieving the Company from any of the obligations, conditions or restrictions herein contained, provided that no such amendment or relief shall be or become operative or effective if, in the opinion of the Warrant Agent, relying on the advice of counsel, such amendment or relief impairs any of the rights of the Warrantholders as a group or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any supplemental indenture that in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative; and

(h) for any other purpose not inconsistent with the terms of this Indenture, 40

including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors or omissions herein, provided that, in the opinion of the Warrant Agent, relying on the advice of counsel, the rights of the Warrant Agent and the Warrantholders as a group are in no way prejudiced thereby.

7.2 Successor Companies

In the case of the amalgamation, consolidation, arrangement, merger or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to or with another person (a "**successor company**"), the successor company resulting from the amalgamation, consolidation, arrangement, merger or transfer (if not the Company) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Company and the successor company shall by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, expressly assume those obligations.

ARTICLE 8 CONCERNING THE WARRANT AGENT

8.1 Indenture Legislation

(1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(2) The Company and the Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefit of Applicable Legislation.

8.2 Rights and Duties of Warrant Agent

(1) The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

(2) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from, or require any other person to indemnify the Warrant Agent against liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(3) The Warrant Agent shall not be bound to do or take any act, action or proceeding for the enforcement of any of the obligations of the Company under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding that the Warrant Agent is requested to take. The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the

Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and its counsel to protect and hold harmless the Warrant Agent, its officers, directors, employees, agents, successors and assigns against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(4) The Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts.

(5) Every provision of this Indenture that, by its terms, relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

(6) The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereunder unless and until it shall have been required to do so under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall specifically set out the default desired to be brought to the attention of the Warrant Agent and in the absence of such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has occurred or been made in the performance or observance of the representations, warranties and covenants, agreements or conditions herein contained. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

(7) In this Indenture, whenever confirmations or instructions are required to be given to the Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

8.3 Evidence, Experts and Advisers

(1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Company shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof and in such form as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Company.

(2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely absolutely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, written requests, consents, or orders of the Company, certificates of the Company or other evidence furnished to the Warrant Agent pursuant to any provision hereof or of Applicable Legislation or pursuant to a request of the Warrant Agent, provided that such evidence complies with Applicable Legislation and that the Warrant Agent complies with Applicable Legislation and that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture. The Warrant Agent shall be under no responsibility in respect of the validity of this Indenture or the execution and delivery hereof by or on behalf of the Company or in respect of the validity or the execution of any Warrant Certificate by the Company and issued hereunder, nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Indenture or in any such Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this Indenture and/or in any Warrant or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable.

(3) Whenever provided for in this Indenture or Applicable Legislation requires that the Company deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Company to have the Warrant Agent take the action to be based thereon.

(4) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by a certificate of a notary public or other person with similar powers that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(5) The Warrant Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties. The Warrant Agent has sole discretion and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter or other paper document received in facsimile or e-mail form.

(6) The Warrant Agent may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and shall pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any counsel and shall not be responsible for any misconduct or negligence on the part of any of them who has been selected with due care by the Warrant Agent. Any reasonable remuneration paid by the Warrant Agent shall be paid by the Company in accordance with Section 4.2.

(7) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Company or the Warrant Agent, in relation to any matter arising in fulfilling its duties and obligations hereof.

(8) The Warrant Agent may, as a condition precedent to any action to be taken by it under this Indenture, require such opinions, statutory declarations, reports, certificates or other evidence as it, acting reasonably, considers necessary or advisable in the circumstances.

(9) The Warrant Agent is not required to expend or place its own funds at risk in executing its duties and obligations.

8.4 Securities, Documents and Monies Held by Warrant Agent

(90) Any securities, documents of title, monies or other instruments that may at any time be held by the Warrant Agent subject to the duties and obligations hereof, for the benefit of the Company, may be placed in the deposit vaults of the Warrant Agent or of any Schedule 1 Canadian chartered bank under the *Bank Act* (Canada) or deposited for safekeeping with any such bank or the Warrant Agent. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held, invested and reinvested in "Permitted Investments" as directed in writing by the Company. "Permitted Investments" shall be treasury bills guaranteed by the Government of Canada having a term to maturity not to exceed ninety (90) days, or term deposits or bankers' acceptances of a Canadian chartered bank having a term to maturity not to exceed ninety (90) days, or such other investments that is in accordance with the Warrant Agent's standard type of investments. Unless otherwise specifically provided herein, all interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Company and shall be paid to the Company upon discharge of this Indenture.

(2) Any written direction for the investment or release of funds received shall be received by the Warrant Agent by 9:00 a.m. (Calgary time) on the Business Day on which such investment or release is to be made, failing which such direction will be handled on a commercially reasonable efforts basis and may result in funds being invested or released on the next Business Day.

(3) The Warrant Agent shall have no responsibility or liability for any diminution of any funds resulting from any investment made in accordance with this Indenture, including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.

(4) In the event that the Warrant Agent does not receive a direction or only a partial direction, the Warrant Agent may hold cash balances constituting part or all of such monies and may, but need not, invest same in its deposit department, the deposit department of one of its affiliates, or the deposit department of a Canadian chartered bank; but the Warrant Agent, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

8.5 Actions by Warrant Agent to Protect Interests

The Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders pursuant to the provisions of this Indenture.

8.6 Warrant Agent not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the duties and obligations of this Indenture or otherwise.

8.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to warrant agents, it is expressly declared and agreed as follows:

(1) The Warrant Agent shall not be liable for or by reason of any representations, statements of fact or recitals in this Indenture or in the Warrants (except the representation contained in Section 8.9 or in the Authentication of the Warrant Agent on the Warrants) or be required to verify the same and all such statements of fact or recitals are and shall be deemed to be made by the Company.

(2) Nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

(3) The Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof.

(4) The Warrant Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the covenants or warranties herein contained or of any acts of any directors, officers, employees, agents or servants of the Company.

(5) Without limiting any protection or indemnity of the Warrant Agent under any other provision hereof, or otherwise at law, the Company hereby agrees to indemnify and hold harmless the Warrant Agent and its affiliates, directors, officers, agents and employees, successors and assigns (the "**Indemnified Parties**") from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, proceedings, charges, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements on a solicitor and client basis, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising from the performance of its duties hereunder, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that Warrant Agent may provide in connection with or in any way relating to this Indenture. The Company agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Company shall not be required to indemnify the Indemnified Parties in the event of the gross negligence, fraud or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture.

(6) Notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Company to the Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Warrant Agent receiving the first notice of the claim; provided that this limitation shall not apply in respect of any gross negligence, fraud or wilful misconduct of the Warrant Agent. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

(7) If any of the funds provided to the Warrant Agent hereunder are received by it in the form of an uncertified cheque or bank draft, the Warrant Agent shall delay the release of such funds and the related Warrant Shares until such uncertified cheque has cleared the financial institution upon which the same is drawn.

(8) The forwarding of a cheque or the sending of funds by wire transfer by the Warrant Agent will satisfy and discharge the liability of any amounts due to the extent of the sum represented thereby unless such cheque is not honoured on presentation, provided that in the event of the non-receipt of such cheque by the payee, or the loss or destruction thereof, the Warrant Agent, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, will issue to such payee a replacement cheque for the amount of such cheque.

(9) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgement, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgement, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on ten (10) days' written notice to the Company provided: (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such ten (10) day period, then such resignation shall not be effective.

8.8 Replacement of Warrant Agent

(1) The Warrant Agent may resign its appointment and be discharged from all further duties and liabilities hereunder by giving to the Company not less than sixty (60) days prior notice in writing or such shorter prior notice as the Company may accept as sufficient. The Warrantholders by extraordinary resolution shall have the power at any time to remove the existing Warrant Agent and to appoint a new warrant agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Company shall forthwith appoint a new warrant agent unless a new warrant agent has already been appointed by the Warrantholders; failing such appointment by the Company, the retiring Warrant Agent or any Warrantholder may apply to a justice of the Ontario Superior Court of Justice (the "**Court**") at the Company's expense, on such notice as such justice may direct, for the appointment of a new warrant agent; but any new warrant agent so appointed by the Company or by the Court shall be subject to removal as aforesaid by the Warrantholders. Any new warrant agent appointed under any provision of this Section 8.8 shall be a corporation authorized to carry on the business of a transfer agent or a trust company in one or more provinces of Canada and, if required by Applicable Legislation of any province, in such province. On any such appointment the new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent without any further assurance, conveyance, act or deed; but there shall be immediately executed, at the expense of the Company, all such conveyances or other instruments as may, in the opinion of counsel, be necessary or advisable for the purpose of assuring the same to the new warrant agent, provided that any resignation or removal of the Warrant Agent and appointment of a successor warrant agent shall not become effective until the successor warrant agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Company, the predecessor Warrant Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor warrant agent an appropriate instrument transferring to such successor warrant agent all rights and powers of the Warrant Agent hereunder and all securities, documents of title and other instruments and all monies and properties held by the Warrant Agent hereunder.

(2) Upon the appointment of a successor warrant agent, the Company shall promptly notify the Warrantholders thereof in the manner provided for in Section 9.2.

(3) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation succeeding to the corporate trust business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without any further act on its part or of any of the parties hereto, provided that such corporation would be eligible for appointment as a new warrant agent under Section 8.8(1).

(4) Any Warrants Authenticated or certified but not delivered by a predecessor Warrant Agent may be Authenticated or certified by the new or successor warrant agent in the name of the predecessor or the new or successor warrant agent.

8.9 Conflict of Interest

(1) The Warrant Agent represents to the Company, to the best of its knowledge, that at the time of execution and delivery hereof no material conflict of interest exists which it is aware of in the Warrant Agent's role hereunder and agrees that in the event of a material conflict of interest arising which it becomes aware of hereafter it will, within ninety (90) days after ascertaining that it has such a material conflict of interest, either eliminate the same or resign its appointment hereunder. If any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrants shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to Section 8.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Company and generally may contract and enter into financial transactions with the Company or any Subsidiary without being liable to account for any profit made thereby.

8.10 Acceptance of Duties and Obligations

The Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become holders of Warrants from time to time issued under this Indenture.

8.11 Warrant Agent not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Company or any Subsidiary or any partnership of which the Company is directly or indirectly involved.

8.12 Authorization to Carry on Business

The Warrant Agent represents to the Company that it is registered to carry on business under Applicable Legislation in the provinces of Alberta and British Columbia.

ARTICLE 9 GENERAL

9.1 Notice to the Company and the Warrant Agent

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Company or the Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by email to the following addresses or facsimile numbers:

(a) If to the Company, to:

Planet 13 Holdings Inc.
2548 West Desert Inn Road
Las Vegas, Nevada
89109

Attention: Leighton Koehler
E-mail: [REDACTED]

with a copy to:

Wildeboer Dellelce LLP
396 Bay Street, Suite 80
Toronto, ON
M5H 2V1

Attention: Charlie Malone
E-mail: [REDACTED]

(b) If to the Warrant Agent, to:

Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

Attention: Dan Sander
Email: [REDACTED]

and any notice given in accordance with the foregoing shall be deemed to have been received on the date of delivery if that date is a Business Day (and if that date is not a Business Day, on the next Business Day) or, if mailed, on the fifth Business Day following the date of the postmark on such notice or, if transmitted by email, on the Business Day following the transmission.

(2) The Company or the Warrant Agent, as the case may be, may from time to tim notify the other in the manner provided in Section 9.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Company or the Warrant Agent, as the case may be, for all purposes of this Indenture.e

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Company hereunder could reasonably be considered unlikely to reach its destination, the notice shall be valid and effective only if it is delivered to an officer of the party to which it is addressed or if it is delivered to that party at the appropriate address provided in Section 9.1(1) by facsimile or other means of prepaid, transmitted or recorded communication and any notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery to the officer or if delivered by facsimile or other means of prepaid, transmitted, recorded communication on the third Business Day following the date of the sending of the notice by the person giving the notice.

9.2 Notice to the Warrantholders

(1) Any notice to the Warrantholders under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail or, if delivered by hand, to the holders at their addresses appearing in the register of holders. Any notice so delivered shall be deemed to have been received on the date of delivery if that date is a Business Day or the Business Day following the date of delivery if such date is not a Business Day or on the third Business Day if delivered by mail. All notices may be given to whichever one of the Warrantholders (if more than one) is named first in the appropriate register hereinbefore mentioned, and any notice so given shall be sufficient notice to all Warrantholders and any other persons (if any) interested in such Warrants. Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder will not invalidate any action or proceeding founded thereon.

(2) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders could reasonably be considered unlikely to reach its destination, the notice may be given in a news release disseminated through a newswire service, filed on SEDAR and posted on the Company's website; provided that in the case of a notice convening a meeting of the holders of Warrants, the Warrant Agent may require such additional publications of that notice, in Toronto, Ontario or in other cities or both, as it may deem necessary for the reasonable notification of the holders of Warrants or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required.

9.3 Privacy

The Company acknowledges that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(a) to provide the services required under this Indenture and other services that may be requested from time to time;

(b) to help the Warrant Agent manage its servicing relationships with such individuals

(c) to meet the Warrant Agent's legal and regulatory requirements; and

(d) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

The Company acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Warrant Agent shall make available on its website or upon request, including revisions thereto. Some of this personal information may be transferred to servicers in the United States for data processing and/or storage. Further, the Company agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless the Company has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

9.4 Third Party Interests

The Company represents to the Warrant Agent that any account to be opened by, or interest to held by the Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent prescribed form as to the particulars of such third party.

9.5 Securities Exchange Commission Certification

The Company confirms that as at the date of this Indenture it does not have a class of securities registered pursuant to section 12 of the U.S. Securities and Exchange Act of 1934, as amended (the "**Exchange Act**") or have a reporting obligation pursuant to section 15(d) of the Exchange Act.

The Company covenants that in the event that (i) any class of its securities shall become registered pursuant to section 12 of the Exchange Act or the Company shall incur a reporting obligation pursuant to section 15(d) of the Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Company in accordance with the Exchange Act, the Company shall promptly deliver to the Warrant Agent an Officer's Certificate (in a form provided by the Warrant Agent) notifying the Warrant Agent of such registration or termination and such other information as the Warrant Agent may reasonably require at the time. The Company acknowledges that the Warrant Agent is relying upon the foregoing representation and covenants in order to meet certain United States Securities and Exchange Commission ("**SEC**") obligations with respect to those clients who are filing with the SEC.

9.6 Discretion of Directors

Any matter provided herein to be determined by the directors in their sole discretion and determination so made will be conclusive.

9.7 Satisfaction and Discharge of Indenture

Upon the earlier of the Time of Expiry or the date by which there shall have been delivered to the Warrant Agent for exercise or destruction in accordance with the provisions hereof all Warrants theretofore Authenticated or certified hereunder and by which no Warrants shall remain issuable hereunder, this Indenture, except to the extent that Warrant Shares and any certificates therefor have not been issued and delivered hereunder or the Company has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Company, and the Warrant Agent, on written demand of and at the cost and expense of the Company, and upon delivery to the Warrant Agent of a certificate of the Company stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Warrant Agent of the expenses, fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided that if the Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Company's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Company against the Warrant Agent.

9.8 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Nothing in this Indenture or the Warrant Certificates, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

9.9 Indenture to Prevail

To the extent of any discrepancy or inconsistency between the terms and conditions of this Indenture and the Warrant Certificate, the terms of this Indenture will prevail.

9.10 Assignment

This Indenture nor any benefits or burdens under this Indenture shall be assignable by the Company or the Warrant Agent without the prior written consent of the other party, such consent not to be unreasonably withheld. Subject to the foregoing, this Indenture shall enure to the benefit of and be binding upon the Company and the Warrant Agent and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

9.11 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

9.12 Force Majeure

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this section.

9.13 Counterparts and Formal Date

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Indenture.

(Signature page follows)

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

PLANET 13 HOLDINGS INC.

By: /s/ Dennis Logan
Dennis Logan
Chief Financial Officer

ODYSSEY TRUST COMPANY

By: /s/ Dan Sander
Authorized Signatory

By: /s/ Amy Douglas
Authorized Signatory

SCHEDULE "A"

FORM OF WARRANT CERTIFICATE

WARRANTS TO PURCHASE COMMON SHARES
OF PLANET 13 HOLDINGS INC.
(a company existing under the laws of British Columbia)

[For Warrants issued in the United States or to, or for the account or benefit of, U.S. Persons, also include the following legends:]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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.

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

CUSIP No. 72706K135
ISIN No.
CA72706K1350

Warrant Certificate Number: ●

Representing ● Warrants to
purchase Common shares
(as defined below)

THIS CERTIFIES that, for value received, the registered holder hereof, ● (the "**holder**") is entitled at any time at or before the Expiry Time (as defined below) to acquire, subject to

adjustment in certain events, the number of Common Shares ("**Common Shares**") of Planet 13 Holdings Inc. (the "**Company**") specified above, as presently constituted, by surrendering to Odyssey Trust Company (the "**Warrant Agent**") at its principal office in Calgary, Alberta, this Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Warrant Certificate, and accompanied by payment of $2.85 per Common Share (the "**Warrant Exercise Price**") by certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Company at par at the above-mentioned office of the Warrant Agent. The holder of this Warrant Certificate may purchase less than the number of Common Shares which he is entitled to purchase on the exercise of the Warrants represented by this Warrant Certificate, in which event a new Warrant Certificate representing the Warrants not then exercised will be issued to the holder.

The Warrants evidenced under this Warrant Certificate are exercisable on or before 5:00 p.m. (Toronto time) (the "**Expiry Time**") on July 3, 2022 (the "**Expiry Date**"). After the Expiry Time, Warrants evidenced hereby shall be deemed to be void and of no further force or effect.

This Warrant Certificate represents Warrants of the Company issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**") dated as of July 3, 2020, between the Company and the Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Warrants and the Company and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Warrant Indenture. A copy of the Warrant Indenture can be requested by contacting the Warrant Agent. **In the event of any conflict between the provisions contained in this Warrant Certificate and the provisions of the Warrant Indenture, the provisions of the Warrant Indenture shall prevail**.

Upon acceptance hereof, the holder hereof hereby expressly waives the right to receive any fractional Common Shares upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. The Warrants represented by this Warrant Certificate shall be deemed to have been surrendered, and payment by certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its office in the City of Calgary, Alberta.

Upon due exercise of the Warrants represented by this Warrant Certificate and payment of the Warrant Exercise Price, the Company shall cause to be issued to the person(s) in whose name(s) the Common Shares have been so subscribed for, the number of Common Shares to be issued to such person(s) (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program), and the holder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing the Common Shares unless or until the holder shall have paid the Company or the Warrant Agent the amount of such tax (or shall have satisfied the Company that such tax has been paid or that no tax is due), and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise, and upon due surrender of this Warrant Certificate, the Transfer Agent shall issue a certificate(s) representing such Common Shares to be issued within five Business Days after the exercise of the Warrants (or portion thereof) represented hereby.

Neither the Warrants represented by this Warrant Certificate nor the Common Shares issuable upon exercise hereof have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. The Warrants represented by this Warrant Certificate may not be exercised within the United States or by, or for the account or benefit of, a U.S. person or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available. Certificates representing Common Shares issued in the United States or to, or for the account or benefit of, U.S. persons will bear a legend restricting the transfer and exercise of such securities under applicable United States federal and state securities laws. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Common Shares issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent. Subject to the provisions of the Warrant Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrants Certificates entitling the holder thereof to acquire an equal aggregate number of Common Shares subject to adjustment as provided for in the Warrant Indenture. The Company and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Warrant Indenture expressly provided.

The Warrant Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Warrant Exercise Price in certain events therein set forth.

The Warrant Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by the Warrantholders entitled to acquire upon the exercise of the Warrants a specified percentage of the Common Shares.

The Warrants and the Warrant Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Warrant Indenture.

The Company may from time to time at any time prior to the Expiry Time purchase any of the Warrants by private agreement or otherwise.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Warrant Indenture. All dollar amounts herein are expressed in the lawful money of Canada.

(Signature page follows)

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be signed by its duly authorized officer as of this _____ day of _____, 20

PLANET 13 HOLDINGS INC.

By: _____
Authorized Signing Officer

Countersigned this _____ day

of _____, 20

ODYSSEY TRUST COMPANY

By: _____
Authorized Signing Officer

EXERCISE FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

The undersigned holder of the within Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for Common Shares of Planet 13 Holdings Inc. (the "**Company**") at the Warrant Exercise Price referred to in the attached Warrant Certificate on the terms and conditions set forth in such certificate and the Warrant Indenture and encloses herewith a certified cheque, bank draft or money order payable at par in the City of Calgary, in the Province of Alberta to the order of the Company in payment in full of the subscription price of the Common Shares hereby subscribed for.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the warrant indenture between the Company and Odyssey Trust Company dated July 3, 2020.

(Please check the **ONE** box applicable):

☐ 1.The undersigned certifies that it (i) is not in the United States and is not a "U.S. person", within the meaning of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), (ii) is not exercising this Warrant for the account or benefit of any U.S. Person or person in the United States, (iii) did not execute or deliver this Exercise Form within the United States and (iv) has in all other aspects complied with the terms of Regulation S under the U.S. Securities Act.

☐ 2.The undersigned certifies that it (i) purchased the Warrants as a part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Qualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder's QIB Letter remain true and correct on the Exercise Date.

☐ 3.The undersigned is delivering a written opinion of United States legal counsel or

evidence satisfactory to the Company to the effect that the Warrant and the Common Shares to be delivered upon exercise hereof have been registered under the U.S. Securities Act or are exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

It is understood that the Company may require evidence to verify the foregoing representations.

The undersigned hereby directs that the said Common Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OFCOMMON SHARES

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the Transfer Form must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to Odyssey Trust Company, c/o Corporate Trust.

DATED this day of , .

)

)

)
Witness) (Signature of Warrantholder, to be the same as

) appears on the face of this Warrant Certificate)

)

)

Name of Registered Warrantholder

[ ] Please check this box if the securities are to be delivered at the office where these Warrants are surrendered, failing which the securities will be mailed.

NOTES:

1. Certificates will not be registered or delivered to an address in the United States unless Box 2 or Box 3 above is checked.

2. If Box 3 above is checked, holders are encouraged to contact the Company in advance to determine that the legal opinion or evidence tendered in connection with exercise will be satisfactory in form and substance to the Company.

TRANSFER FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

(Transferee)

(Address)

(Social Insurance Number)

_____ of the Warrants registered in the name of the undersigned transferor represented by the Warrant Certificate.

In the case of a Warrant Certificate that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

☐ (A) the transfer is being made only to the Company; or

☐ (B) the transfer is being made outside the United States in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and in compliance with any applicable local securities laws and regulations and the holder has provided herewith the Declaration for Removal of Legend attached as Schedule "B" to the Warrant Indenture; or

☐ (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, and in either case in accordance with applicable state securities laws; or

☐ (D) the transfer is being made within the United States or to, or for the account or benefit of, U.S. persons, in accordance with a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws and the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

In the case of a transfer in accordance with (C)(i) or (D) above, the Company and the Warrant Agent shall first have received an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to such effect.

In the case of a Warrant Certificate that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a U.S. person or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

"United States" and "U.S. Person" are as defined by Regulation S under the U.S. Securities Act.

DATED this day of , .

SPACE FOR GUARANTEES) OF SIGNATURES (BELOW

) Signature of Transferor

Guarantor's Signature/Stamp

) Name of Transferor

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

☐ **Gift** ☐ **Estate** ☐ **Private Sale** ☐ **Other (or no change in ownership)**

Date of Event (Date of gift, death or sale):

Value per Warrant on the date of event:

☐ **CAD OR** ☐

USD
NOTES:

1. The signature to this transfer must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.

2. Warrants shall only be transferable in accordance with the warrant indenture between Planet 13 Holdings Inc. and Odyssey Trust Company dated July 3, 2020 (the "**Warrant Indenture**"),applicable laws and the rules and policies of any applicable stock exchange. Without limiting the foregoing, if the Warrant Certificate bears a legend restricting the transfer of the Warrants except pursuant to an exemption from registration under the U.S. Securities Act, and applicable state securities laws, this Transfer Form must be accompanied by a properly completed and executed declaration for removal of legend in the form attached as Schedule "B" to the Warrant Indenture.

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.

- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.

- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

REASON FOR TRANSFER – FOR US RESIDENTS ONLY

Consistent with US IRS regulations, Odyssey Trust Company is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

SCHEDULE "B"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

The undersigned (a) acknowledges that the sale of the securities of Planet 13 Holdings Inc. (the "**Company**") to which this declaration relates is being made in reliance on Rule 904 of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and (b) certifies that (1) it is not an affiliate of the Company (as defined in Rule 405 under the U.S. Securities Act), (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 believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Canadian Securities Exchange 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 any of 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 such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the sale was 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.

Dated: By: _____

Name:

Title:

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 Company 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.

Name of Firm

By: _____

Authorized officer

Date: _____

Exhibit 4.2

PLANET 13 HOLDINGS INC.

- and -

ODYSSEY TRUST COMPANY

WARRANT INDENTURE

Providing for the Issue of
up to 3,110,750 Common Share Purchase Warrants

September 10, 2020

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THIS WARRANT INDENTURE dated as of September 10, 2020

BETWEEN:

PLANET 13 HOLDINGS INC.,
a company existing under the laws of British Columbia

(the "**Company**")

AND

ODYSSEY TRUST COMPANY,
a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia

(the "**Warrant Agent**")

RECITALS

WHEREAS:

A. In connection with the public offering by the Company of up to 6,221,500 Units (as defined below) pursuant to a short form prospectus dated September 2, 2020 (the "**Offering**"), the Company proposes to issue and sell to the public up to 3,110,750 Warrants (as defined below), of which 2,705,000 Warrants will be issuable as a part of the base Offering and up to 405,750 Warrants will be issuable upon the due exercise of the Over-Allotment Option (as defined below);

B. Each Warrant entitles the holder thereof to purchase, subject to adjustment in certain events, one Warrant Share (as defined below) at a price of $5.00 at any time prior to 5:00 p.m. (Toronto time) on September 10, 2022;

C. For such purpose the Company deems it necessary to create and issue Warrants and Warrant Certificates (as defined below) to be constituted and issued in the manner hereinafter set forth;

D. The Company is duly authorized to create and issue the Warrants to be issued as herein provided;

E. All things necessary have been done and performed to make the Warrants, when Authenticated (as defined below) or certified by the Warrant Agent and issued as provided in this Indenture, legal, valid and binding upon the Company with the benefits of and subject to the terms of this Indenture;

F. The foregoing recitals are made as statements of fact by the Company and not by the Warrant Agent; and

G. The Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this Indenture from time to time;

NOW THEREFORE THIS INDENTURE WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture, unless there is something in the subject matter or context inconsistent therewith:

"**Applicable Legislation**" means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of issuers and warrant agents under warrant indentures as are from time to time in force and applicable to this Indenture;

"**Authenticated**" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Company and authenticated by manual signature of an authorized officer of the Warrant Agent, and (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.4 are entered in the register of Warrantholders, "**Authenticate**", "**Authenticating**" and "**Authentication**" have the appropriate correlative meanings;

"**Beneficial Owner**" means a person that has a beneficial interest in a Warrant;

"**Book-Entry Only System**" means the book-based securities system administered by CDS in accordance with its operating rules and procedures in force from time to time;

"**Business Day**" means a day that is not a Saturday, Sunday, or a day on which banks are closed or which is a civic or statutory holiday in the City of Toronto, Ontario or Calgary, Alberta;
"**Capital Reorganization**" has the meaning ascribed to that term in Section 2.13(4); "**CDS**" means CDS Clearing and Depository Services Inc. and its successors in interest;

"**CDSX**" means the CDS settlement and clearing system for equity and debt securities in Canada;

"**Closing Date**" means September 10, 2020 or such other date as agreed to by the Company and the Underwriters;

"**Common Share Reorganization**" has the meaning ascribed to that term in Section 2.13(1); "**Common Shares**" means the common shares in the capital of the Company;

"**Company**" means Planet 13 Holdings Inc., a corporation existing under the laws of British Columbia, and its lawful successors from time to time;

"**Company's Auditors**" means the chartered (professional) accountant or firm of chartered

(professional) accountants duly appointed as auditor or auditors of the Company from time to time, including prior auditors of the Company, as applicable;

"**Confirmation**" has the meaning ascribed that term in Section 3.1(4);

"**counsel**" means a barrister and solicitor or lawyer or a firm of barristers and solicitors or lawyers, in both cases acceptable to the Warrant Agent;

"**CSE**" means the Canadian Securities Exchange;

"**Current Market Price**" means, at any date, the volume weighted average price per share at which the Common Shares have traded:

(a) on the CSE;

(b) if the Common Shares are not listed on the CSE, on any stock exchange upon which the Common Shares are listed, as may be selected for this purpose by the board of directors of the Company, acting reasonably; or

(c) if the Common Shares are not listed on any stock exchange, on any over-the-counter market on which the Common Shares are trading, as may be selected for this purpose by the board of directors of the Company, acting reasonably;

during the 20 consecutive trading days (on each of which at least 500 Common Share are traded in board lots) ending the second trading day before such date; provided that the volume weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 20 consecutive trading days by the number of Common Shares so sold on said exchange or market or, if not traded on any recognized exchange or market, as determined by the directors of the Company, acting reasonably;

"**director**" means a member of the board of directors of the Company for the time being, and unless otherwise specified herein, reference to "**action by the board of directors**" means action by the board of directors of the Company as a board or, whenever duly empowered, action by a committee of the board;

"**Dividend Paid in the Ordinary Course**" means dividends paid in any financial year of the Company, whether in (i) cash, (ii) shares of the Company, (iii) warrants or similar rights to purchase any shares of the Company or property or other assets of the Company provided that the value of such dividends per outstanding Common Share does not in such financial year exceed in aggregate 5% of the Exercise Price;

"**Exchange Basis**" means, at any time, the number of Warrant Shares or other classes of shares or securities or property which a Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 2 hereof, such number being equal to one Warrant Share per Warrant as of the date hereof;

"**Exercise Date**" with respect to any Warrant means the date on which such Warrant is duly surrendered for exercise in accordance with the provisions of Article 3 hereof;

"**Exercise Notice**" has the meaning ascribed that term in Section 3.1(4);

"**Exercise Price**" means $5.00 for each Warrant Share, subject to adjustment in accordance with the provisions of Article 2 hereof;

"**Expiry Date**" means September 10, 2022;

"**extraordinary resolution**" has the meaning ascribed to that term in sections 6.12 and 6.15;

"**Internal Procedures**" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent;

"**Offering**" has the meaning ascribed thereto in Recital A of this Indenture;

"**Original U.S. Purchaser**" means a Qualified Institutional Buyer who purchased Warrants as part of the Offering;

"**Over-Allotment Option**" means the option granted by the Company to the Underwriters, which may be exercised in the Underwriters' sole discretion and without obligation, to purchase up to an additional 811,500 Units, including up to 811,500 Unit Shares and up to 405,750 Warrants, for the purpose of covering over-allotments made in connection with the Offering and for market stabilization purposes, and which is exercisable for any combination of additional Units, additional Unit Shares and/or additional Warrants, from and including thirty (30) days following the Closing Date;

"**Participant**" means a person recognized by CDS as a participant in the Book-Entry Only System;

"**person**" means an individual, a corporation, a limited liability company, a partnership, a syndicate, a trustee or any unincorporated organization and words importing persons are intended to have a similarly extended meaning;

"**Price**" means the Exercise Price;

"**Qualified Institutional Buyer**" means a "qualified institutional buyer" as such term is defined in Rule 144A under the U.S. Securities Act;

"**QIB Letter**" means the Qualified Institutional Buyer Letter signed by the Original U.S. Purchaser;

"**Regulation S**" means Regulation S as promulgated under the U.S. Securities Act;

"**Rights Offering**" has the meaning ascribed to that term in Section 2.13(2);

"**Rights Offering Price**" has the meaning ascribed to that term in Section 2.14(8);

"**Securities Laws**" means, collectively, the applicable securities laws and regulations of each of the provinces of Canada, except Quebec, the United States and each of the states of the United States, together with all respective regulations made and forms prescribed thereunder published rules, policy statements, notices, orders and rulings of the securities commissions or similar regulatory authorities thereto, as applicable, including the rules and policies of the CSE;

"**shareholder**" means an owner of record of one or more Common Shares or shares of any other class or series of the Company;

"**Special Distribution**" has the meaning ascribed to that term in Section 2.13(3);

"**Subsidiary**" means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Company or by one or more subsidiaries of the Company and, as used in this definition, "voting shares" means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

"**successor company**" has the meaning ascribed to that term in Section 7.2;

"**this Indenture**", "**herein**", "**hereby**" and similar expressions mean or refer to this Common Share purchase warrant indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions "**Article**", "**section**", or "**paragraph**" followed by a number or letter mean and refer to the specified Article, section, or paragraph of this Indenture;

"**Time of Expiry**" means 5:00 p.m. (Toronto time) on the Expiry Date;

"**trading day**" means a day on which the CSE (or such other exchange on which the Common Shares are listed) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;

"**transaction instruction**" means a written order signed by the holder or CDS, entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Warrant Agent, requesting one or more such actions to be taken in respect of an Uncertificated Warrant;

"**Transfer Agent**" means the transfer agent or agents for the time being for the Common Shares;

"**U.S. Person**" means a U.S. person as that term is defined under Regulation S;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**Uncertificated Warrant**" means any Warrant which is issued under the Book-Entry Only System or any Warrant which is not a certificated Warrant;

"**Underwriters**" means collectively Beacon Securities Limited and Canaccord Genuity Corp.;

"**Unit Share**" means a Common Share comprising part of each Unit;

"**United States**" means the United States as that term is defined in Regulation S;

"**Units**" means the units of the Company, each Unit being comprised of one Unit Share and one-half Warrant;

"**Warrant Agent**" means Odyssey Trust Company, a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia or any lawful successor thereto including through the operation of Section 8.8;

"**Warrant Certificates**" means the certificates representing Warrants substantially in the form attached as Schedule "A" hereto or such other form as may be approved by the Company and the Warrant Agent;

"**Warrant Shares**" means the Common Shares or, as a result of any adjustment to the subscription rights pursuant to Article 2 hereof, other securities or property issuable upon the exercise of the Warrants;

"**Warrantholders**" or "**holders**" means the persons whose names are entered for the time being in the register maintained pursuant to Section 2.8;

"**Warrantholders' Request**" means an instrument, signed in one or more counterparts by Warrantholders representing, in the aggregate, at least 20% of the aggregate number of Warrants then outstanding, which requests the Warrant Agent to take some action or proceeding specified therein;

"**Warrants**" means the Common Share purchase warrants of the Company issued and Authenticated hereunder as Uncertificated Warrants or to be issued and countersigned in the form of Warrant Certificates, in either case, entitling the holders thereof to purchase Warrant Shares on the basis of one Warrant Share for each Warrant upon payment of the Exercise Price prior to the Time of Expiry; provided that in each case the number and/or class of securities or property receivable on the exercise of the Warrants may be subject to increase or decrease or change in accordance with the terms and provisions hereof; and

"**written direction of the Company**", "**written request of the Company**", "**written consent of the Company**", "**Officer's Certificate**" and "**certificate of the Company**" and any other document required to be signed by the Company, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Company by any officer or director and may consist of one or more instruments so executed.

1.2 Words Importing the Singular

Unless elsewhere otherwise expressly provided, or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 Interpretation not Affected by Headings

The division of this Indenture into Articles, sections, and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

1.4 Day not a Business Day

If any day on or before which any action is required or permitted to be taken hereunder is not a Business Day, then such action shall be required or permitted to be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence in all respects of this Indenture and the Warrants issued hereunder.

1.6 Governing Law

This Indenture and the Warrants issued hereunder shall be construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

1.7 Meaning of "outstanding" for Certain Purposes

Every Warrant Authenticated or certified by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation, exercised pursuant to Section 3.1 or until the Time of Expiry; provided that where a new Warrant Certificate has been issued pursuant to Section 2.6 to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding.

1.8 Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian dollars.

1.9 Termination

This Indenture shall continue in full force and effect until the earlier of: (a) the Time of Expiry; and (b) provided that no Warrants remain issuable pursuant to the terms of this Indenture, the date that no Warrants are outstanding hereunder; provided that this Indenture shall continue in effect thereafter, if applicable, until the Company and the Warrant Agent have fulfilled all of their respective obligations under this Indenture.

ARTICLE 2 ISSUE OF WARRANTS

2.1 Issue of Warrants

Subject to adjustment in accordance with the provisions hereof, the Company creates and authorizes the issuance of up to 3,110,750 Warrants entitling the registered holders thereof to acquire an aggregate of up to 3,110,750 Warrant Shares, all of which are hereby created and authorized to be issued hereunder at the Exercise Price upon the terms and conditions as set forth herein. Uncertificated Warrants shall be Authenticated by the Warrant Agent and deposited in CDS and Warrant Certificates evidencing the Warrants shall be executed by the Company, certified by or on behalf of the Warrant Agent and delivered by the Warrant Agent in accordance with a written direction of the Company, all in accordance with sections 2.3 and 2.4. Subject to adjustment in accordance with the provisions of this Indenture, each of the Warrants issued hereunder shall entitle the holder thereof to receive from the Company, at the Exercise Price, the number of Warrant Shares equal to the Exchange Basis in effect on the Exercise Date.

2.2 Form and Terms of Warrants

(1) The Warrants may be issued in either certificated or uncertificated form. The Warrant Certificates shall be substantially in the form attached as Schedule "A" hereto, subject to the provisions of this Indenture, with such additions, variations and changes as may be required or permitted by the terms of this Indenture, and to give effect to any Warrants not being issued as Uncertificated Warrants, and which may from time to time be agreed upon by the Warrant Agent and the Company, and shall have such legends, distinguishing letters and numbers as the Company may, with the approval of the Warrant Agent, prescribe. Except as hereinafter provided in this Article 2, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Company may determine. No change in the form of the Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities or property that may be acquired pursuant to the Warrants. All Warrants issued to CDS may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.8.

(2) Each Warrant authorized to be issued hereunder shall entitle the registered holder thereof to acquire (subject to sections 2.13, 2.14 and 2.15) upon due exercise and upon the transaction instruction or due execution of the exercise form endorsed on the Warrant Certificate, as applicable, or other instrument of exercise in such form as the Warrant Agent and/or the Company may from time to time prescribe and upon payment of the Exercise Price, one Warrant Share or such other kind and amount of shares or securities or property, calculated pursuant to the provisions of sections 2.13 and 2.14, as the case may be, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this Indenture.

(3) Fractional Warrants shall not be issued or otherwise provided for. If any fraction of a Warrant would otherwise be issuable and result in a fraction of a Warrant Share being issuable, any such fractional Warrant so issued shall be rounded down to the nearest whole Warrant without compensation therefor.

2.3 Signing of Warrant Certificates

Warrant Certificates shall be signed by any one of the directors or officers of the Company and may, but need not be under the corporate seal of the Company or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile or other electronic format and Warrant Certificates bearing such facsimile or other electronic format signatures shall be binding upon the Company as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or electronic signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate Authenticated or signed as aforesaid shall, subject to Section 2.4, be valid and binding upon the Company and the registered holder thereof will be entitled to the benefits of this Indenture.

2.4 Authentication by the Warrant Agent

(1) No Warrant shall be issued or, if issued, shall be valid for any purpose or entitle the registered holder to the benefit hereof or thereof until it has been Authenticated by or on behalf of the Warrant Agent, as applicable, and such Authentication by the Warrant Agent shall be conclusive evidence as against the Company that the Warrant so Authenticated has been duly issued hereunder and the holder is entitled to the benefits hereof.

(2) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise) by completing its Internal Procedures and the Company shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time, the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Company.

(3) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to acquire Warrant Shares, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.

(4) No Warrant Certificate shall be considered issued or shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by or on behalf of the Warrant Agent substantially in the form of the Warrant Certificate set out in Schedule "A" hereto. Such Authentication on any such Warrant Certificate shall be conclusive evidence that such Warrant Certificate is duly Authenticated and is valid and a binding obligation of the Company and that the holder is entitled to the benefits of this Indenture.

(5) The Authentication or certification of the Warrant Agent on the Warrants issued hereunder, including by way of entry on the register, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due Authentication and certification thereof) or as to the performance by the Company of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

2.5 Warrantholder not a Shareholder, etc.

Nothing in this Indenture or the holding of a Warrant shall be construed as conferring upon a Warrantholder any right or interest whatsoever as a shareholder, including but not limited to the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Company, nor entitle the holder to any right or interest in respect thereof except as herein and in the Warrants expressly provided.

2.6 Issue in Substitution for Lost Warrant Certificates

(1) If any Warrant Certificates issued and certified under this Indenture shall become mutilated or be lost, destroyed or stolen, the Company, subject to applicable law, and Section 2.6(2), shall issue and thereupon the Warrant Agent shall certify and deliver a new Warrant Certificate of like denomination, date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be substantially in the form set out in Schedule "A" hereto and Warrants evidenced by it will entitle the holder thereof to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to this Section shall bear the reasonable cost of the issue thereof and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated Warrant Certificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Company and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Company and to the Warrant Agent in their sole discretion, acting reasonably, and such applicant may be required to furnish an indemnity and surety bond in amount and form satisfactory to the Company and the Warrant Agent in their sole discretion, acting reasonably, and shall pay the reasonable charges of the Company and the Warrant Agent in connection therewith.

2.7 Warrants to Rank Pari Passu

All Warrants shall rank *pari passu* with all other Warrants, whatever may be the actual date of issue of the Warrants.

2.8 Registration and Transfer of Warrants

(1) The Warrant Agent will create and keep at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta:

(a) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them and the Warrant Agent shall be entitled to rely on such register in connection with the exchange, transfer, exercise or deemed exercise of any Warrant(s) pursuant to the terms of this Indenture or the terms thereof; and

(b) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(2) No transfer of any Warrant will be valid unless entered on the register of transfers referred to in Section 2.8(1), upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, and a duly completed and executed transfer form endorsed on the Warrant Certificate or in the case of Uncertificated Warrants a duly executed transaction instruction from the holder (or such other instructions, in form satisfactory to the Warrant Agent) executed by the registered holder or his executors, administrators or other legal representatives or his attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent, if applicable, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe and all applicable securities requirements of regulatory authorities, such transfer will be recorded on the register of transfers by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee a Warrant Certificate, or in the case of an Uncertificated Warrant, the Warrant Agent shall Authenticate and deliver a Warrant Certificate upon request that part of the Uncertificated Warrant be certificated. Transfers within the systems of CDS are not the responsibility of the Warrant Agent and will not be noted on the register maintained by the Warrant Agent.

(3) The transferee of any Warrant will, after surrender to the Warrant Agent of the Warrant as required by Section 2.8(2) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the register of holders referred to in Section 2.8(1) as the owner of such Warrant free from all equities or rights of setoff or counterclaim between the Company and the transferor or any previous holder of such Warrant, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

(4) The Company will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in Section 2.8(1), if such transfer would constitute a violation of the Securities Laws of any applicable jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with applicable Securities Laws.

(5) Any Warrant issued to a transferee upon transfers contemplated by this section 2.8 shall bear the appropriate legend as set forth in Section 2.20(2), if applicable.

(6) If a Warrant tendered for transfer bears the legend set forth in Section 2.20(2), the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant and complies with the requirements of the said Section 2.20(2).

(7) Warrants, in certificated form, bearing the legend set forth in Section 2.20(2) shall not be offered, sold, pledged or otherwise transferred, directly or indirectly, except (A) to the Company; (B) outside the United States in compliance with Rule 904 of Regulation S, if available, and in compliance with applicable local laws and regulations; (C) pursuant to an exemption from registration under the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, if available, and in compliance with applicable U.S. state securities laws; (D) in compliance with another exemption from registration under the U.S. Securities Act and applicable state securities laws; or (E) under an effective registration statement under the U.S. Securities Act, provided that in the case of transfers pursuant to (C)(i) or (D) above, a legal opinion or other evidence, reasonably satisfactory to the Company, must first be provided to the Company and the Warrant Agent to the effect that such transfer is exempt from registration under the U.S. Securities Act and applicable state securities laws.

(8) The Warrant Agent shall give notice to the Company of the transfer made by a

Warrantholder pursuant to Section 2.8(7) and the Company shall provide written authorization to proceed with the transfer before such transfer is made effective by the issuance of the Warrant.

2.9 Registers Open for Inspection

The registers referred to in Section 2.8(1) shall be open at all reasonable times during business hours on a Business Day for inspection by the Company or any Warrantholder. The Warrant Agent shall, from time to time when requested to do so in writing by the Company, furnish the Company with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Warrant Agent and showing the number of Warrants held by each such holder.

2.10 Exchange of Warrants

(1) Warrants may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrants in any other authorized denomination representing in the aggregate an equal number of Warrants as the number of Warrants represented by the Warrants being exchanged. The Company shall sign and the Warrant Agent shall Authenticate or certify, in accordance with sections 2.3 and 2.4, all Warrants necessary to carry out the exchanges contemplated herein.

(2) Warrants may be exchanged only at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta or at any other place that is designated by the Company with the approval of the Warrant Agent. Any Warrants tendered for exchange shall be surrendered to the Warrant Agent and cancelled.

(3) Except as otherwise herein provided, the Warrant Agent may charge Warrantholders requesting an exchange a reasonable sum for each Warrant Certificate issued; and payment of such charges and reimbursement of the Warrant Agent or the Company for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange as a condition precedent to such exchange.

2.11 Ownership of Warrants

The Company and the Warrant Agent and their respective agents may deem and treat the registered holder of any Warrant as the absolute owner of the Warrant represented thereby for all purposes and the Company and the Warrant Agent and their respective agents shall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Warrant shall be entitled to the rights evidenced by that Warrant free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction and all persons may act accordingly and the receipt by any holder of the Warrant Shares or monies obtainable pursuant to the exercise of the Warrant shall be a good discharge to the Company and the Warrant Agent for the same and neither the Company nor the Warrant Agent shall be bound to inquire into the title of any holder.

2.12 Uncertificated Warrants

(1) Registration and re-registration of beneficial interests in and transfers of

Warrants held by CDS shall be made only through the Book-Entry Only System and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by CDS, as determined by the Company, from time to time. Except as provided in this Section 2.12, owners of beneficial interests in any Uncertificated Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register referred to in Section 2.8 herein. Notwithstanding any terms set out herein, Warrants subject to the restrictions and any legend set forth in Section 2.20 herein and held in the name of CDS may only be held in the form of Uncertificated Warrants with the prior consent of the Company and CDS.

(2) If any Warrant is issued in uncertificated form and any of the following events

occurs:

(a) CDS or the Company has notified the Warrant Agent that (A) CDS is unwilling or unable to continue as depository or (B) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Company is unable to locate a qualified successor depository within ninety (90) days of delivery of such notice;

(b) the Company has determined, in its sole discretion, acting reasonably, to terminate the Book-Entry Only System in respect of such Uncertificated Warrants and has communicated such determination to the Warrant Agent in writing;

(c) the Company or CDS is required by applicable law to take the action contemplated in this section;

(d) there is an exercise of Warrants pursuant to 3.1(4) and the Warrantholder is unable to make the representations in 3.1(4) (a), (b), (c) and (d) thereto; or

(e) the Book-Entry Only System administered by CDS ceases to exist,

then one or more definitive fully registered Warrant Certificates shall be executed by the Company and certified and delivered by the Warrant Agent to CDS in exchange for the Uncertificated Warrants held by CDS. The Company shall provide an Officer's Certificate giving notice to the Warrant Agent of the occurrence of any event outlined in this Section 2.12(2).

Fully registered Warrant Certificates issued and exchanged pursuant to this section shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Uncertificated Warrants so exchanged. Upon exchange of Uncertificated Warrants for one or more Warrant Certificates in definitive form, such Uncertificated Warrants shall be cancelled by the Warrant Agent.

(3) Subject to the provisions of this Section 2.12, any exchange of Warrants for Warrants which are not Uncertificated Warrants may be made in whole or in part in accordance with the provisions of Section 2.10, *mutatis mutandis*. All such Warrants issued in exchange for Uncertificated Warrants or any portion thereof shall be registered in such names as CDS

for such Uncertificated Warrants shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to Uncertificated Warrants) as the Uncertificated Warrants or portion thereof surrendered upon such exchange.

(4) Every Warrant Authenticated upon registration of transfer of Uncertificated Warrants, or in exchange for or in lieu of Uncertificated Warrants or any portion thereof, whether pursuant to this Section 2.12, or otherwise, shall be Authenticated in the form of, and shall be, an Uncertificated Warrant, unless such Warrant is registered in the name of a person other than CDS for such Uncertificated Warrant or a nominee thereof.

(5) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the Warrants to be issued to CDS or a nominee thereof will be issued as an Uncertificated Warrant, unless otherwise requested in writing by CDS or the Company.

(6) The rights of Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System shall be limited to those established by applicable law and agreements between CDS and the Participants and between such Participants and the Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System, and such rights must be exercised through a Participant in accordance with the rules and procedures of CDS.

(7) Notwithstanding anything herein to the contrary, neither the Company nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(a) the electronic records maintained by CDS relating to any ownership interests or any other interests in the Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by an electronic position in the Book-Entry Only System (other than CDS or its nominee);

(b) maintaining, supervising or reviewing any records of CDS or any Participant relating to any such interest; or

(c) any advice or representation made or given by CDS or those contained herein that relate to the rules and regulations of CDS or any action to be taken by CDS on its own direction or at the direction of any Participant.

(8) The Company may terminate the application of this Section 2.12 in its sole discretion, acting reasonably, in which case all Warrants shall be evidenced by Warrant Certificates registered in the name(s) of a person other than CDS.

2.13 Adjustment of Exchange Basis

Subject to Section 2.14, the Exchange Basis shall be subject to adjustment from time to time in the events and in the manner provided as follows:

(1) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall:

(a) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants); or

(b) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares; or

(c) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these paragraphs (a), (b) or (c) being called a "**Common Share Reorganization**"), then the Exchange Basis in effect on the effective date of such subdivision or consolidation, or on the record date of such stock dividend or other distribution, as the case may be, shall be adjusted by multiplying the Exchange Basis in effect immediately prior to such effective or record date by a fraction:

(a) the numerator of which shall be the total number of Common Shares outstanding on such date immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date, assuming in any case where such securities are not then convertible or exchangeable but subsequently become so, that they were convertible or exchangeable on the record date on the basis upon which they first become convertible or exchangeable), and

(b) the denominator of which shall be the total number of Common Shares outstanding on such date before giving effect to such Common Share Reorganization.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. To the extent that any adjustment in the Exchange Basis occurs pursuant to this Section 2.13(1) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares and the Common Share Reorganization does not occur or any conversion or exchange rights are not fully exercised, the Exchange Basis shall be readjusted immediately after the expiry of any relevant exchange or conversion right or the termination of the Common Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Common Shares actually issued and remaining issuable pursuant to the Common Share Reorganization after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(2) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of rights, options or warrants entitling them, for a period expiring not more than forty-five (45) days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price on such record date (any of such events being called a "**Rights Offering**"), then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of all of the rights, options or warrants under the Rights Offering and assuming the exchange for or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, options or warrants, if any), and

(b) the denominator of which shall be the aggregate of:

(i) the total number of Common Shares outstanding as of the record date for the Rights Offering, and

(ii) a number of Common Shares determined by dividing

(A) the amount equal to the aggregate consideration payable on the exercise of all of the rights, options and warrants under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, options or warrants (assuming the exercise of all rights, options and warrants under the Rights Offering and assuming the exchange or conversion of all exchangeable or convertible securities issued upon exercise of such rights, options and warrants);

by

(B) the Current Market Price as of the record date for the Rights Offering.

The resulting product, adjusted to the nearest $1/100^{th}$, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership in which the Company is directly or indirectly a party to will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Common Shares, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Common Shares.

(3) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the issuance or distribution to all or substantially all the holders of its outstanding Common Shares of:

(a) shares of the Company of any class other than Common Shares; or

(b) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares; or

(c) evidences of indebtedness; or

(d) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exchange Basis shall be adjusted effective immediately after such record date for the Special Distribution by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, and

(b) the denominator of which shall be:

(A) the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less

(B) the fair market value, as determined by action by the board of directors acting reasonably and in good faith (whose determination, absent manifest error, shall be conclusive), to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or securities, property or other assets issued or distributed in the Special Distribution provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date.

The resulting product, adjusted to the nearest $1/100^{th}$, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership of which the Company is directly or indirectly a party, will be deemed not to be outstanding for the purpose of any such computation.

(4) If and whenever, at any time after the date hereof and prior to the Time of Expiry, there shall be a reclassification of the Common Shares at any time outstanding or change or exchange of the Common Shares into or for other shares or into or for other securities or property (other than a Common Share Reorganization), or a consolidation, amalgamation, arrangement or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change or exchange of the Common Shares into or for other shares, securities or property), or a transfer (other than to a Subsidiary) of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a "**Capital Reorganization**"), any Warrantholder who thereafter shall exercise his right to receive Warrant Shares pursuant to Warrant(s) shall be entitled to receive, and shall accept in lieu of the number of Warrant Shares to which such holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Warrant Shares to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions in this Indenture with respect to the rights and interests thereafter of Warrantholders to the end that the provisions in this Indenture shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors of the Company and by the Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(5) Any adjustment to the Exchange Basis as set forth herein shall also include a corresponding adjustment to the Price which shall be calculated by multiplying the Price by a fraction: (a) the numerator of which shall be the Exchange Basis prior to the adjustment, and (b) the denominator of which shall be the Exchange Basis after the adjustment.

2.14 Rules Regarding Calculation of Adjustment of Exchange Basis

For the purposes of Section 2.13:

(1) The adjustments provided for in Section 2.13 shall be cumulative and such adjustments shall be made successively whenever an event referred to in Section 2.13 shall occur, subject to the following subsections of this Section 2.14.

(2) No adjustment in the: (a) Exchange Basis shall be required unless such adjustment would result in a change of at least 0.01 of a Warrant Share based on the prevailing Exchange Basis; or (b) the Price shall be required unless such adjustment would result in a change of at least 1% of the Price, provided that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

(3) No adjustment in the Exchange Basis or the Price shall be made in respect of any event described in Section 2.13, other than the events referred to in paragraphs (b) and

(c) of subsection (1) thereof, if Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if Warrantholders had exercised their Warrants prior to or on the effective date or record date of such event, any such participation being subject to regulatory approval.

(4) No adjustment in the Exchange Basis or the Price shall be made pursuant to Section 2.13 in respect of (i) the issue from time to time of Warrant Shares purchasable on exercise of the Warrants and any such issue shall be deemed not to be a Common Share Reorganization; (ii) a Dividend Paid in the Ordinary Course; or (iii) a distribution of Common Shares pursuant to the exercise of stock options granted under stock option plans of the Company.

(5) If a dispute shall at any time arise with respect to adjustments provided for in Section 2.13, such dispute shall, absent manifest error, be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Company, the Warrant Agent and the Warrantholders.

(6) If the Company shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(7) In the absence of a resolution of the directors fixing a record date for a Rights Offering or Special Distribution, the Company shall be deemed to have fixed as the record date therefor the date on which the Rights Offering or Special Distribution is effected.

(8) If the purchase price provided for in any Rights Offering (the "**Rights Offering Price**") is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to Section 2.13(2) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of Section 2.13.

(9) As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exchange Basis, the Company shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Company have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(10) In case the Company, after the date hereof, shall take any action affecting any Common Shares, other than action described in Section 2.13, which in the opinion of the directors acting reasonably and in good faith would materially affect the rights of Warrantholders, the Exchange Basis shall be adjusted in such manner, if any, and at such time, as the directors, in their sole discretion acting reasonably and in good faith, may determine to be equitable in the circumstances. Failure of the taking of any action by the directors so as to provide for an adjustment in the Exchange Basis prior to the effective date of any action by the Company affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.

(11) The Warrant Agent shall be entitled to act and rely on any adjustment calculations by the Company or the Company's Auditors.

2.15 Postponement of Subscription

In any case where the application of Section 2.13 results in an increase in the number of Common Shares that are issuable upon exercise of the Warrants taking effect immediately after the record date for a specific event, if any Warrant is exercised after that record date and prior to completion of such specific event, the Company may postpone the issuance to the Warrantholder of the Warrant Shares to which he is entitled by reason of such adjustment, but such Warrant Shares shall be so issued and delivered to that holder upon completion of that event, with the number of such Warrant Shares calculated on the basis of the number of Warrant Shares on the date that the Warrant was exercised, adjusted for completion of that event and the Company shall deliver to the person or persons in whose name or names the Warrant Shares are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Warrant Shares and the right to receive any dividends or other distributions which, but for the provisions of this Section 2.15, such person or persons would have been entitled to receive in respect of such Warrant Shares from and after the date that the Warrant was exercised in respect thereof.

2.16 Notice of Adjustment

(1) At least fourteen (14) days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to Section 2.13, the Company shall:

(a) file with the Warrant Agent a certificate of the Company specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based; and

(b) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(2) In case any adjustment for which a notice in Section 2.16(1) has been given is not then determinable, the Company shall promptly after such adjustment is determinable:

(a) file with the Warrant Agent a computation of such adjustment; and

(b) give notice to the Warrantholders of the adjustment.

(3) The Warrant Agent may and shall be protected in so doing, absent manifest error, act and rely upon certificates of the Company and other documents filed by the Company pursuant to this Section 2.16 for all purposes of the adjustment.

2.17 No Action after Notice

The Company covenants with the Warrant Agent that it will not close its books nor take any other corporate action which might deprive a Warrantholder of the opportunity of exercising the rights of acquisition pursuant thereto during the period of ten (10) days after the giving of the notice set forth in paragraph (b) of Sections 2.16(1) and (2).

2.18 Purchase of Warrants for Cancellation

The Company may, at any time and from time to time, purchase Warrants by invitation to tender, by private contract, on any stock exchange (if then listed) or otherwise (which shall include a purchase through an investment dealer or firm holding membership on a Canadian stock exchange) on such terms as the Company may determine. All Warrants purchased pursuant to the provisions of this Section 2.18 shall be forthwith delivered to and cancelled by the Warrant Agent and shall not be reissued. If required by the Company, the Warrant Agent shall furnish the Company with a certificate as to such destruction.

2.19 Protection of Warrant Agent

The Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any registered holder of Warrants to determine whether any facts exist that may require any adjustment contemplated by this Article 2, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;

(b) be accountable with respect to the validity or value or the kind or amount of any Warrant Shares or of any other securities or property that may at any time be issued or delivered upon the exercise of the Warrants;

(c) be responsible for any failure of the Company to make any cash payment, to issue, transfer or deliver Warrant Shares or certificates upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in Section 2.13; or

(d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the representations, warranties or covenants of the Company or any acts or deeds of the agents or servants of the Company.

2.20 U.S. Legend on Warrant Certificates and Warrant Share certificates

(1) The Warrant Agent understands and acknowledges that the Warrants and the Warrant Shares issuable upon exercise of the Warrants have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States.

(2) Each Warrant, in certificated form, originally issued in the United States or, to or for the account or benefit of, a U.S. Person, and all Warrant Shares issued upon exercise of such Warrants, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY [*for Warrants, add*: AND THE

SECURITIES ISSUABLE ON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY [*for Warrants, add*: AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF] MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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."

[*for Warrants, include*: "THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."]

provided that, if the Warrants or Warrant Shares issuable upon exercise of the Warrants are being sold in accordance with Rule 904 of Regulation S, the legend may be removed by providing to the Warrant Agent or the Transfer Agent, as the case may be, (i) a declaration in the form attached hereto as Schedule "B" (or as the Company may prescribe from time to time in order to address changes in applicable laws) and (ii) if required by the Transfer Agent, an opinion of counsel, of recognized standing reasonably satisfactory to the Company, or other evidence reasonably satisfactory to the Company, that the proposed transfer may be effected without registration under the U.S. Securities Act.

provided further, that if the Warrants or Warrant Shares are being sold pursuant to Rule 144 under the U.S. Securities Act, if available, the legend may be removed by delivering to the Company and the Warrant Agent or the Transfer Agent, as the case may be, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

(3) If a Warrant or Warrant Share issued with respect to an exercise of Warrants is tendered for transfer and bears the legend set forth in Section 2.20(2) herein and the holder thereof has not obtained the prior written consent of the Company, the Warrant Agent or the Transfer Agent, as the case may be, shall not register such transfer unless the holder complies with the requirements of the said Section 2.20(2) hereof.

ARTICLE 3 EXERCISE OF WARRANTS

3.1 Method of Exercise of Warrants

(1) The registered holder of any Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Warrant Shares to which such Warrant entitles the holder, by surrendering the Warrant Certificate representing such Warrants to the Warrant Agent at any time prior to the Time of Expiry at its principal stock transfer offices in the City of Calgary, Alberta (or at such additional place or places as may be decided by the Company from time to time with the approval of the Warrant Agent), with a duly completed and executed exercise form of the registered holder or his executors, administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, substantially in the form endorsed on the Warrant Certificate specifying the number of Warrant Shares subscribed for together with a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Company in an amount equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for. A Warrant Certificate with the duly completed and executed exercise form and payment of the Exercise Price shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent.

(2) Any exercise form referred to in Section 3.1(1) shall be signed by the Warrantholder, or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, but such exercise form need not be executed by CDS. Such exercise form shall specify the person(s) in whose name such Warrant Shares are to be issued, the address(es) of such person(s) and the number of Warrant Shares to be issued to each person, if more than one is so specified. If any of the Warrant Shares subscribed for are to be issued to person(s) other than the Warrantholder, the Warrantholder shall also complete the transfer form, substantially in the form endorsed on the Warrant Certificate. The signatures set out in the exercise form referred to in Section 3.1(1) and the signatures set out in the transfer form shall be guaranteed by a Canadian Schedule 1 chartered bank or a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program and the Warrantholder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing Warrant Shares unless or until such Warrantholder shall have paid to the Company or the Warrant Agent on behalf of the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid or that no tax is due.

(3) If, at the time of exercise of the Warrants, in accordance with the provisions of Section 3.1(1), there are any trading restrictions on the Warrant Shares pursuant to applicable Securities Laws or stock exchange requirements, the Company shall, on the advice of counsel, endorse any certificates representing the Warrant Shares to such effect. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company.

(4) A Beneficial Owner who desires to exercise his, her or its Uncertificated Warrants, must do so by causing a Participant to deliver to CDS (at its office in the City of Toronto, Ontario), on behalf of the Beneficial Owner at any time prior to the Time of Expiry, a written notice of the Beneficial Owner's intention to exercise Warrants (the "**Exercise Notice**"); provided, that a Beneficial Owner holding Uncertificated Warrants that is in the United States or that is a U.S. Person will first request the withdrawal of the Uncertificated Warrant(s) from the Book-Entry Only System and request certificated Warrant(s) in exchange for such Uncertificated Warrant(s). Forthwith upon receipt by CDS of such notice, as well as payment for the Exercise Price, CDS shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (the "**Confirmation**") in a manner acceptable to the Warrant Agent, including by electronic means through the Book-Entry Only System, including CDSX. An electronic exercise of the Warrants initiated by the Beneficial Owner through a Book-Entry Only System, including CDSX, shall constitute a representation to both the Company and the Warrant Agent that the Beneficial Owner at the time of exercise of such Warrants (a) is not in the United States; (b) did not acquire the Warrants in the United States or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (c) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a person in the United States; and (d) did not execute or deliver the notice of the owner's intention to exercise such Warrants in the United States. If the Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the Book-Entry Only System, including CDSX, by the Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such Beneficial Owner or Participant and the exercise procedures set forth in Section 3.1(1) shall be followed. Payment representing the aggregate Exercise Price must be provided to the appropriate office of the Participant in a manner acceptable to it. A notice in form acceptable to the Participant and payment from such Beneficial Owner should be provided through the Book-Entry Only System sufficiently in advance so as to permit the Participant to deliver notice and payment to CDS and for CDS in turn to deliver notice and payment to the Warrant Agent prior to Time of Expiry. CDS will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to CDS through the Book- Entry Only System the Warrant Shares to which the exercising Beneficial Owner is entitled pursuant to the exercise. Any expense associated with the preparation and delivery of Exercise Notices will be for the account of the Beneficial Owner exercising the Warrants.

(5) By causing a Participant to deliver notice to CDS, a Warrantholder shall be deemed to have irrevocably surrendered his, her or its Warrants so exercised and appointed such Participant to act as his, her or its exclusive settlement agent with respect to the exercise and the receipt of Warrant Shares in connection with the obligations arising from such exercise.

(6) Any notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Participant to exercise or to give effect to the settlement thereof in accordance with the Beneficial Owner's instructions will not give rise to any obligations or liability on the part of the Company or Warrant Agent to the Participant or the Beneficial Owner.

(7) Any exercise referred to in this Section 3.1 shall require that the entire Exercise Price for the Warrant Shares subscribed for must be paid at the time of subscription and such Exercise Price and original Exercise Notice or exercise form executed by the Registered Warrantholder or the Confirmation from CDS must be received by the Warrant Agent prior to the Time of Expiry.

(8) Warrants may only be exercised pursuant to this Section 3.1 by or on behalf of a Warrantholder, as applicable, who makes the certifications set forth on the exercise form substantially in the form endorsed on the Warrant Certificate.

(9) If the exercise form set forth in the Warrant Certificate shall have been amended, the Company shall cause the amended exercise form to be forwarded to all registered Warrantholders.

(10) Exercise forms, Exercise Notices and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Time of Expiry. Any exercise form, Exercise Notice or Confirmation received by the Warrant Agent after business hours on any Business Day other than the Time of Expiry will be deemed to have been received by the Warrant Agent on the next following Business Day.

(11) Any Warrant with respect to which a Confirmation is not received by the Warrant Agent before the Time of Expiry shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.

3.2 No Fractional Shares

Under no circumstances shall the Company be obliged to issue any fractional Warrant Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Warrant Share, that holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Warrant Shares.

3.3 Effect of Exercise of Warrants

(1) Upon compliance by the Warrantholder with the provisions of Section 3.1, the Warrant Shares subscribed for shall be deemed to have been issued and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the Exercise Date unless the transfer registers of the Company for the Common Shares shall be closed on such date, in which case the Warrant Shares subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer registers are reopened.

(2) The Warrant Agent shall as soon as practicable account to the Company with respect to Warrants exercised, and shall as soon as practicable forward to the Company (or into an account or accounts of the Company with the bank or trust company designated by the Company for that purpose), all monies received by the Warrant Agent on the subscription of Warrant Shares through the exercise of Warrants. All such monies and any securities or other instruments, from time to time received by the Warrant Agent, shall be received in trust for the Warrantholders and the Company as their interests may appear and shall be segregated and kept apart by the Warrant Agent.

(3) Within five Business Days following the due exercise of a Warrant pursuant to Section 3.1, the Company shall cause the Transfer Agent to issue and the Warrant Agent to deliver, within such five Business Day period, to CDS through the Book-Entry Only System the Warrant Shares to which the exercising Warrantholder is entitled pursuant to the exercise or mail to the person in whose name the Warrant Shares so subscribed for are to be issued, as specified in the exercise form completed on the Warrant Certificate, at the address specified in such exercise form, a certificate or certificates for the Warrant Shares to which the Warrantholder is entitled or, if so specified in writing by the holder, cause to be delivered to such person or persons at the office of the Warrant Agent where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Warrant Shares subscribed for, or any other appropriate evidence of the issuance of Warrant Shares to such person or persons in respect of Warrant Shares issued under the Book-Entry Only System and, if applicable, shall cause the Warrant Agent to mail a Warrant Certificate representing any Warrants not then exercised.

3.4 Cancellation of Warrants

All Warrants surrendered to the Warrant Agent pursuant to sections 2.6, 2.8(2), 2.10 or 3.1 shall be cancelled by the Warrant Agent and the Warrant Agent shall record the cancellation of such Warrants on the register of holders maintained by the Warrant Agent pursuant to Section 2.8(1). The Warrant Agent shall, if required by the Company, furnish the Company with a certificate identifying the Warrants so cancelled. All Warrants that have been duly cancelled shall be without further force or effect whatsoever.

3.5 Subscription for less than Entitlement

The holder of any Warrant may subscribe for and purchase a whole number of Warrant Shares that is less than the number that the holder is entitled to purchase pursuant to a surrendered Warrant. In such event, the holder thereof shall be entitled to receive a new Warrant Certificate in respect of the balance of Warrants that were not then exercised, such new Warrant Certificate to contain the same legend as provided for in Section 2.20(2), if applicable.

3.6 Expiration of Warrant

After the Time of Expiry, all rights under any Warrant in respect of which the right of subscription and purchase herein and therein provided for shall not theretofore have been exercised shall wholly cease and terminate and such Warrant shall be void and of no effect.

3.7 Prohibition on Exercise by U.S. Persons; Exception

(1) Warrants may not be exercised within the United States or by or on behalf of, or for the account or benefit of, any U.S. Person or any person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Warrant Agent shall be entitled to rely upon the registered address of the Warrantholder as set forth in the Warrantholders register for the purchase of Units in determining whether the address is in the United States or the Warrantholder is a U.S. Person.

(2) Any holder which exercises any Warrants shall provide to the Company either:

(a) a written certification that such holder (a) at the time of exercise of the Warrants is not in the United States; (b) is not a U.S. Person and is not exercising the Warrants on behalf of a U.S. Person or person in the United States; (c) did not execute or deliver the exercise form for the Warrants in the United States; and (d) has in all other aspects complied with the terms of an "offshore transaction" as defined under Regulation S (which written certification shall be deemed delivered by checking Box 1 in the Exercise Form attached to the Warrant, as provided for in Schedule "A" hereof); or

(b) a written certification that the holder (i) purchased the Warrants as part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Qualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder's QIB Letter remain true and correct on the Exercise Date (which written certification shall be deemed delivered by checking Box 2 in the Exercise Form attached to the Warrant, as provided for in Schedule "A" hereof); or

(c) a written opinion of counsel of recognized standing in form and substance satisfactory to the Company or evidence satisfactory to the Company to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available for the issuance of the Warrant Shares issuable on exercise of the Warrants.

(3) No Warrant Shares will be registered or delivered to an address in the United States unless the holder of Warrants complies with the requirements of paragraph (b) or (c) of Section 3.7(2).

ARTICLE 4 COVENANTS FOR WARRANTHOLDERS' BENEFIT

4.1 General Covenants of the Company

The Company represents, warrants and covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that:

(1) The Company will at all times, so long as any Warrants remain outstanding or issuable hereunder, maintain its existence, unless otherwise inconsistent with the fiduciary

duties of the board of directors of the Company, and will keep or cause to be kept proper books of account in accordance with applicable law until the Time of Expiry.

(2) The Company is duly authorized to create and issue the Warrants to be issued hereunder and the Warrants, when Authenticated, will be legal, valid, binding and enforceable obligations of the Company.

(3) The Company will reserve and keep available a sufficient number of Warrant Shares for the purpose of enabling the Company to satisfy its obligations to issue Common Shares upon the exercise of the Warrants, and all Warrants Shares shall, when issued as provided herein, be valid and enforceable against the Company.

(4) The Company will cause the Warrant Shares from time to time subscribed for pursuant to the Warrants issued by the Company hereunder, in the manner herein provided, to be duly issued in accordance with the Warrants and the terms hereof.

(5) All Warrant Shares that shall be issued by the Company upon exercise of the rights provided for herein shall be issued as fully paid and non-assessable Common Shares of the Company.

(6) The Company will use commercially reasonable efforts to ensure that the Warrants, and the Common Shares outstanding on the date hereof and issuable from time to time on the exercise of the Warrants, continue to be or are listed and posted for trading on the CSE (or such other Canadian stock exchange acceptable to the Company), provided that this Section 4.1(6) shall not be construed as limiting or restricting the Company from completing a consolidation, amalgamation, arrangement, takeover bid, merger or other form of business combination that would result in the Warrants and/or the Common Shares ceasing to be listed and posted for trading on such exchanges, so long as the holders of Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the policies of such exchanges or the holders of Common Shares receive securities of an entity which is listed on a stock exchange in North America or cash.

(7) Except to the extent that the Company participates in a takeover bid, consolidation, merger, arrangement, amalgamation, or other form of business combination transaction, the Company will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) in each of the provinces of Canada and other Canadian jurisdictions in which it is currently or becomes a reporting issuer, make all requisite filings under applicable Securities Laws including those necessary to remain a reporting issuer not in default of the requirements of the applicable Securities Laws of such province or jurisdiction, until the Time of Expiry.

(8) The Company will perform and carry out all of the acts or things to be done by it as provided in this Indenture.

(9) The Company will not take any action or omit to take any action which would have the effect of preventing the Warrantholders from receiving any of the Warrant Shares issuable upon the exercise of the Warrants.

(10) The Company will promptly advise the Warrant Agent and the Warrantholders in writing of any breach or default under the terms of this Indenture no later than five (5) Business Days following the occurrence of such breach or default.

(11) If, in the opinion of counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from any securities regulatory authority, or any other step is required under any federal or provincial law of Canada before the Warrant Shares may be issued and delivered to a Warrantholder, the Company covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

4.2 Warrant Agent's Remuneration and Expenses

The Company covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed. Any amount owing hereunder and remaining unpaid after thirty (30) days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

4.3 Performance of Covenants by Warrant Agent

Subject to Section 8.7, if the Company shall fail to perform any of its covenants contained in this Indenture and the Company has not rectified such failure within twenty-five (25) Business Days after either giving notice of such default pursuant to Section 4.1(10) or receiving written notice from the Warrant Agent of such failure, the Warrant Agent may notify the Warrantholders of such failure on the part of the Company or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants. All reasonable sums expended or disbursed by the Warrant Agent in so doing shall be repayable as provided in Section 4.2. No such performance, expenditure or advance by the Warrant Agent shall be deemed to relieve the Company of any default hereunder or of its continuing obligations under the covenants herein contained.

4.4 Enforceability of Warrants

The Company covenants and agrees that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and Authenticated as herein provided, will be valid and enforceable against the Company in accordance with the provisions hereof and that, subject to the provisions of this Indenture, the Company will cause the Warrant Shares from time to time acquired upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

ARTICLE 5 ENFORCEMENT

5.1 Suits by Warrantholders

Subject to Section 6.10, all or any of the rights conferred upon a Warrantholder by the terms of the Warrants held by him and/or this Indenture may be enforced by such

Warrantholder by appropriate legal proceedings but without prejudice to the right that is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the holders of the Warrants from time to time outstanding. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

5.2 Limitation of Liability

The obligations hereunder (including without limitation under Section 8.7(5)) are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Company or any of the past, present or future officers, employees or agents of the Company, but only the property of the Company (or any successor person) shall be bound in respect hereof.

5.3 Waiver of Default

Upon the happening of any default hereunder:

(a) the Warrantholders of not less than 50% plus 1 of the Warrants then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

(b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, on the advice of counsel, if, in the Warrant Agent's opinion, based on the advice of counsel, the same shall have been cured or adequate provision made therefor,

provided that no delay or omission of the Warrant Agent or of the Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warrantholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 6 MEETINGS OF WARRANTHOLDERS

6.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Company or of a Warrantholders' Request, convene a meeting of the Warrantholders provided that the Warrant Agent has been provided with sufficient funds and is indemnified to its reasonable satisfaction by the Company or by the Warrantholders signing such Warrantholders' Request against the costs, charges, expenses and liabilities that may be incurred in connection with the calling and holding of such meeting. If within fifteen (15) Business Days after the receipt of a written request of the Company or a Warrantholders' Request, funding and indemnity given as aforesaid the Warrant Agent fails to give the requisite notice specified in Section 6.2 to convene a meeting, the Company or such Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Warrant Agent.

6.2 Notice

At least fourteen (14) days prior notice of any meeting of Warrantholders shall be given to the Warrantholders at the expense of the Company in the manner provided for in Section 9.2 and a copy of such notice shall be delivered to the Warrant Agent unless the meeting has been called by it, and to the Company unless the meeting has been called by it. Such notice shall state the date, time and place of the meeting, the general nature of the business to be transacted and shall contain such information as is reasonably necessary to enable the Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 6. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or of the Company or the person designated by such Warrantholders, as the case may be.

6.3 Chairman

The Warrant Agent may nominate in writing an individual (who need not be a Warrantholder) to be chairman of the meeting and if no individual is so nominated, or if the individual so nominated is not present within fifteen (15) minutes after the time fixed for the holding of the meeting, the Warrantholders present in person or by proxy shall appoint an individual present to be chairman of the meeting. The chairman of the meeting need not be a Warrantholder.

6.4 Quorum

Subject to the provisions of Section 6.11, at any meeting of the Warrantholders a quorum shall consist of two Warrantholders present in person or represented by proxy and representing at least 20% of the aggregate number of Warrants then outstanding. If a quorum of the Warrantholders shall not be present within one-half hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place to the extent possible and, subject to the provisions of Section 6.11, no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting that might have been dealt with at the original meeting in accordance with the notice calling the same. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not represent at least 20% of the aggregate number of Warrants then unexercised and outstanding. No business shall be transacted at any meeting, except an adjourned meeting as described above, unless a quorum is present at the commencement of business.

6.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

6.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

6.7 Poll and Voting

On every extraordinary resolution, and when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy on any other question submitted to a meeting and after a vote by show of hands, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll. On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each whole Warrant then held by her. A proxy need not be a Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by her.

6.8 Regulations

Subject to the provisions of this Indenture, the Warrant Agent or the Company with the approval of the Warrant Agent may from time to time make and from time to time vary such regulations as it shall consider necessary or appropriate generally for the calling of meetings of Warrantholders and the conduct of business thereat including setting a record date for Warrantholders entitled to receive notice of or to vote at such meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 6.9), shall be Warrantholders or persons holding proxies of Warrantholders.

6.9 Company, Warrant Agent and Counsel may be Represented

The Company and the Warrant Agent, by their respective directors, officers and employees and the counsel for each of the Company, the Warrantholders and the Warrant Agent may attend any meeting of the Warrantholders and speak thereat but shall not be entitled to vote unless in their capacities as Warrantholders or proxies therefor.

6.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warrantholders at a meeting shall have the power, exercisable from time to time by extraordinary resolution:

(a) to agree with the Company to any modification, alteration, compromise or arrangement of the rights of Warrantholders and/or the Warrant Agent in its capacity as Warrant Agent hereunder (subject to the Warrant Agent's approval) or on behalf of the Warrantholders against the Company, whether such rights arise under this Indenture or the Warrants or otherwise;

(b) to amend, modify or repeal any extraordinary resolution previously passed or sanctioned by the Warrantholders;

(c) to direct or authorize the Warrant Agent (subject to the Warrant Agent receiving funding and indemnity) to enforce any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;

(d) to waive, authorize and direct the Warrant Agent to waive any default on the part of the Company in complying with any provisions of this Indenture or the Warrants either unconditionally or upon any conditions specified in such extraordinary resolution;

(e) to restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Company for the enforcement of any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders;

(f) to direct any Warrantholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with any such suit, action or proceeding, upon payment of the costs, charges and expenses reasonably and properly incurred by such Warrantholder in connection therewith;

(g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Company, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission; and

(h) with the consent of the Company, such consent not to be unreasonably withheld, to remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed.

6.11 Meaning of "Extraordinary Resolution"

(1) The expression "**extraordinary resolution**" when used in this Indenture means, subject as hereinafter in this Section 6.11 and in Section 6.14 provided, a resolution proposed at a meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 6 at which there are present in person or by proxy at least two Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants and passed by the affirmative votes of Warrantholders representing not less than $66^{2}/_{3}$% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution.

(2) If, at any meeting called for the purpose of passing an extraordinary resolution, Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy within one-half hour after the time appointed for the meeting, then the meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than ten (10) Business Days later, and to such place and time as may be appointed by the chairman. Not less than three (3) Business Days prior notice shall be given of the time and place of such adjourned meeting in the manner provided in sections 9.1 and 9.2. Such notice shall state that at the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 6.11(1) shall be an extraordinary resolution within the meaning of this Indenture notwithstanding that Warrantholders representing at least 20% of all the then outstanding Warrants are not present in person or represented by proxy at such adjourned meeting.

(3) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

6.12 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantholders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholders to exercise such powers or combination of powers then or thereafter from time to time.

6.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Warrantholders as aforesaid shall be made and duly entered in books to be provided for that purpose by the Warrant Agent at the expense of the Company and any minutes as aforesaid, if signed by the chairman of the meeting at which resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Warrantholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken, to have been duly passed and taken.

6.14 Instruments in Writing

All actions that may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 6 may also be taken and exercised by Warrantholders representing a majority, or in the case of an extraordinary resolution at least 66$^{2}/_{3}$%, of the aggregate number of all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by attorney duly appointed in writing, and the expression "extraordinary resolution" when used in this Indenture shall include an instrument so signed.

6.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 6 at a meeting of Warrantholders shall be binding upon all the Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Warrantholders in accordance with Section 6.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing. In the case of an instrument in writing, the Warrant Agent shall give notice in the manner contemplated in sections 9.1 and 9.2 of the effect of the instrument in writing to all Warrantholders and the Company as soon as is reasonably practicable.

6.16 Holdings by the Company or Subsidiaries of the Company Disregarded

In determining whether Warrantholders are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Company or its Subsidiaries or in partnership of which the Company is directly or indirectly a party to shall be disregarded.

6.17 Common Shares or Warrants Owned by the Company or its Subsidiaries – Certificate to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Company in Section 6.16, the Company shall provide to the Warrant Agent, upon written request, a certificate of the Company setting forth as at the date of such certificate:

(a) the names (other than the name of the Company) of the Warrantholders which, to the knowledge of the Company, hold Warrants that are owned by or held for the account of the Company; and

(b) the number of Warrants owned legally or beneficially by the Company, and the Warrant Agent, in making the computations in Section 6.16, shall be entitled to rely on such certificate without any additional evidence.

ARTICLE 7 SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES

7.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Company (if properly authorized by its directors) and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) providing for the issuance of additional Warrants hereunder including Warrants in excess of the number set out in Section 2.1 and any consequential amendments hereto as may be required by the Warrant Agent, relying on the advice of counsel;

(b) setting forth adjustments in the application of Article 2;

(c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel are necessary or advisable, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(d) giving effect to any extraordinary resolution passed as provided in Article 6;

(e) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(f) adding to or amending the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants and making any modification in the form of the Warrant Certificate that does not affect the substance thereof;

(g) amending any of the provisions of this Indenture or relieving the Company from any of the obligations, conditions or restrictions herein contained, provided that no such amendment or relief shall be or become operative or effective if, in the opinion of the Warrant Agent, relying on the advice of counsel, such amendment or relief impairs any of the rights of the Warrantholders as a group or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any supplemental indenture that in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative; and

(h) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or

inconsistent provisions, errors or omissions herein, provided that, in the opinion of the Warrant Agent, relying on the advice of counsel, the rights of the Warrant Agent and the Warrantholders as a group are in no way prejudiced thereby.

7.2 Successor Companies

In the case of the amalgamation, consolidation, arrangement, merger or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to or with another person (a "**successor company**"), the successor company resulting from the amalgamation, consolidation, arrangement, merger or transfer (if not the Company) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Company and the successor company shall by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, expressly assume those obligations.

ARTICLE 8 CONCERNING THE WARRANT AGENT

8.1 Indenture Legislation

(1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(2) The Company and the Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefit of Applicable Legislation.

8.2 Rights and Duties of Warrant Agent

(1) The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

(2) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from, or require any other person to indemnify the Warrant Agent against liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(3) The Warrant Agent shall not be bound to do or take any act, action or proceeding for the enforcement of any of the obligations of the Company under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding that the Warrant Agent is requested to take. The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient

funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and its counsel to protect and hold harmless the Warrant Agent, its officers, directors, employees, agents, successors and assigns against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(4) The Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts.

(5) Every provision of this Indenture that, by its terms, relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

(6) The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereunder unless and until it shall have been required to do so under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall specifically set out the default desired to be brought to the attention of the Warrant Agent and in the absence of such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has occurred or been made in the performance or observance of the representations, warranties and covenants, agreements or conditions herein contained. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

(7) In this Indenture, whenever confirmations or instructions are required to be given to the Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

8.3 Evidence, Experts and Advisers

(1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Company shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof and in such form as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Company.

(2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely absolutely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, written requests, consents, or orders of the Company, certificates of the Company or other evidence furnished to the Warrant Agent pursuant to any provision hereof or of Applicable Legislation or pursuant to a request of the Warrant Agent, provided that such evidence complies with Applicable Legislation and that the Warrant Agent complies with Applicable Legislation and that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture. The Warrant Agent shall be under no responsibility in respect of the validity of this Indenture or the execution and delivery hereof by

or on behalf of the Company or in respect of the validity or the execution of any Warrant Certificate by the Company and issued hereunder, nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Indenture or in any such Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this Indenture and/or in any Warrant or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable.

(3) Whenever provided for in this Indenture or Applicable Legislation requires that the Company deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Company to have the Warrant Agent take the action to be based thereon.

(4) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by a certificate of a notary public or other person with similar powers that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(5) The Warrant Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties. The Warrant Agent has sole discretion and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter or other paper document received in facsimile or e-mail form.

(6) The Warrant Agent may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and shall pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any counsel and shall not be responsible for any misconduct or negligence on the part of any of them who has been selected with due care by the Warrant Agent. Any reasonable remuneration paid by the Warrant Agent shall be paid by the Company in accordance with Section 4.2.

(7) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Company or the Warrant Agent, in relation to any matter arising in fulfilling its duties and obligations hereof.

(8) The Warrant Agent may, as a condition precedent to any action to be taken by it under this Indenture, require such opinions, statutory declarations, reports, certificates or other evidence as it, acting reasonably, considers necessary or advisable in the circumstances.

(9) The Warrant Agent is not required to expend or place its own funds at risk in executing its duties and obligations.

8.4 Securities, Documents and Monies Held by Warrant Agent

(90) Any securities, documents of title, monies or other instruments that may at any time be held by the Warrant Agent subject to the duties and obligations hereof, for the benefit of the Company, may be placed in the deposit vaults of the Warrant Agent or of any Schedule 1 Canadian chartered bank under the *Bank Act* (Canada) or deposited for safekeeping with any such bank or the Warrant Agent. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held, invested and reinvested in "Permitted Investments" as directed in writing by the Company. "Permitted Investments" shall be treasury bills guaranteed by the Government of Canada having a term to maturity not to exceed ninety (90) days, or term deposits or bankers' acceptances of a Canadian chartered bank having a term to maturity not to exceed ninety (90) days, or such other investments that is in accordance with the Warrant Agent's standard type of investments. Unless otherwise specifically provided herein, all interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Company and shall be paid to the Company upon discharge of this Indenture.

(2) Any written direction for the investment or release of funds received shall be received by the Warrant Agent by 9:00 a.m. (Calgary time) on the Business Day on which such investment or release is to be made, failing which such direction will be handled on a commercially reasonable efforts basis and may result in funds being invested or released on the next Business Day.

(3) The Warrant Agent shall have no responsibility or liability for any diminution of any funds resulting from any investment made in accordance with this Indenture, including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.

(4) In the event that the Warrant Agent does not receive a direction or only a partial direction, the Warrant Agent may hold cash balances constituting part or all of such monies and may, but need not, invest same in its deposit department, the deposit department of one of its affiliates, or the deposit department of a Canadian chartered bank; but the Warrant Agent, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

8.5 Actions by Warrant Agent to Protect Interests

The Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders pursuant to the provisions of this Indenture.

8.6 Warrant Agent not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the duties and obligations of this Indenture or otherwise.

8.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to warrant agents, it is expressly declared and agreed as follows:

(1) The Warrant Agent shall not be liable for or by reason of any representations, statements of fact or recitals in this Indenture or in the Warrants (except the representation contained in Section 8.9 or in the Authentication of the Warrant Agent on the Warrants) or be required to verify the same and all such statements of fact or recitals are and shall be deemed to be made by the Company.

(2) Nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

(3) The Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof.

(4) The Warrant Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the covenants or warranties herein contained or of any acts of any directors, officers, employees, agents or servants of the Company.

(5) Without limiting any protection or indemnity of the Warrant Agent under any other provision hereof, or otherwise at law, the Company hereby agrees to indemnify and hold harmless the Warrant Agent and its affiliates, directors, officers, agents and employees, successors and assigns (the "**Indemnified Parties**") from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, proceedings, charges, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements on a solicitor and client basis, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising from the performance of its duties hereunder, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that Warrant Agent may provide in connection with or in any way relating to this Indenture. The Company agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Company shall not be required to indemnify the Indemnified Parties in the event of the gross negligence, fraud or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture.

(6) Notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Company to the Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Warrant Agent receiving the first notice of the claim; provided that this limitation shall not apply in respect of any gross negligence, fraud or wilful misconduct of the Warrant Agent. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

(7) If any of the funds provided to the Warrant Agent hereunder are received by it in the form of an uncertified cheque or bank draft, the Warrant Agent shall delay the release of such funds and the related Warrant Shares until such uncertified cheque has cleared the financial institution upon which the same is drawn.

(8) The forwarding of a cheque or the sending of funds by wire transfer by the Warrant Agent will satisfy and discharge the liability of any amounts due to the extent of the sum represented thereby unless such cheque is not honoured on presentation, provided that in the event of the non-receipt of such cheque by the payee, or the loss or destruction thereof, the Warrant Agent, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, will issue to such payee a replacement cheque for the amount of such cheque.

(9) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgement, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgement, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on ten (10) days' written notice to the Company provided: (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such ten (10) day period, then such resignation shall not be effective.

8.8 Replacement of Warrant Agent

(1) The Warrant Agent may resign its appointment and be discharged from all further duties and liabilities hereunder by giving to the Company not less than sixty (60) days prior notice in writing or such shorter prior notice as the Company may accept as sufficient. The Warrantholders by extraordinary resolution shall have the power at any time to remove the existing Warrant Agent and to appoint a new warrant agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Company shall forthwith appoint a new warrant agent unless a new warrant agent has already been appointed by the Warrantholders; failing such appointment by the Company, the retiring Warrant Agent or any Warrantholder may apply to a justice of the Ontario Superior Court of Justice (the "**Court**") at the Company's expense, on such notice as such justice may direct, for the appointment of a new warrant agent; but any new warrant agent so appointed by the Company or by the Court shall be subject to removal as aforesaid by the Warrantholders. Any new warrant agent appointed under any provision of this Section 8.8 shall be a corporation authorized to carry on the business of a transfer agent or a trust company in one or more provinces of Canada and, if required by Applicable Legislation of any province, in such province. On any such appointment the new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent without any further assurance, conveyance, act or deed; but there shall be immediately executed, at the expense of the Company, all such conveyances or other instruments as may, in the opinion of counsel, be necessary or advisable for the purpose of assuring the same to the new warrant agent, provided that any resignation or removal of the Warrant Agent and appointment of a successor warrant agent shall not become effective until the successor warrant agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Company, the predecessor Warrant Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor warrant agent an appropriate instrument transferring to such successor warrant agent all rights and powers of the Warrant Agent hereunder and all securities, documents of title and other instruments and all monies and properties held by the Warrant Agent hereunder.

(2) Upon the appointment of a successor warrant agent, the Company shall promptly notify the Warrantholders thereof in the manner provided for in Section 9.2.

(3) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation succeeding to the corporate trust business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without any further act on its part or of any of the parties hereto, provided that such corporation would be eligible for appointment as a new warrant agent under Section 8.8(1).

(4) Any Warrants Authenticated or certified but not delivered by a predecessor Warrant Agent may be Authenticated or certified by the new or successor warrant agent in the name of the predecessor or the new or successor warrant agent.

8.9 Conflict of Interest

(1) The Warrant Agent represents to the Company, to the best of its knowledge, that at the time of execution and delivery hereof no material conflict of interest exists which it is aware of in the Warrant Agent's role hereunder and agrees that in the event of a material conflict of interest arising which it becomes aware of hereafter it will, within ninety (90) days after ascertaining that it has such a material conflict of interest, either eliminate the same or resign its appointment hereunder. If any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrants shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to Section 8.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Company and generally may contract and enter into financial transactions with the Company or any Subsidiary without being liable to account for any profit made thereby.

8.10 Acceptance of Duties and Obligations

The Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become holders of Warrants from time to time issued under this Indenture.

8.11 Warrant Agent not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Company or any Subsidiary or any partnership of which the Company is directly or indirectly involved.

8.12 Authorization to Carry on Business

The Warrant Agent represents to the Company that it is registered to carry on business under Applicable Legislation in the provinces of Alberta and British Columbia.

ARTICLE 9 GENERAL

9.1 Notice to the Company and the Warrant Agent

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Company or the Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by email to the following addresses or facsimile numbers:

(a) If to the Company, to:

Planet 13 Holdings Inc.
2548 West Desert Inn Road
Las Vegas, Nevada
89109

Attention: Leighton Koehler
E-mail: [REDACTED]

with a copy to:

Wildeboer Dellelce LLP
396 Bay Street, Suite 80
Toronto, ON
M5H 2V1

Attention: Charlie Malone
E-mail: [REDACTED]

(b) If to the Warrant Agent, to:

Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

Attention: Dan Sander
Email: [REDACTED]

and any notice given in accordance with the foregoing shall be deemed to have been received on the date of delivery if that date is a Business Day (and if that date is not a Business Day, on the next Business Day) or, if mailed, on the fifth Business Day following the date of the postmark on such notice or, if transmitted by email, on the Business Day following the transmission.

(2) The Company or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in Section 9.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Company or the Warrant Agent, as the case may be, for all purposes of this Indenture.

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Company hereunder could reasonably be considered unlikely to reach its destination, the notice shall be valid and effective only if it is delivered to an officer of the party to which it is addressed or if it is delivered to that party at the appropriate address provided in Section 9.1(1) by facsimile or other means of prepaid, transmitted or recorded communication and any notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery to the officer or if delivered by facsimile or other means of prepaid, transmitted, recorded communication on the third Business Day following the date of the sending of the notice by the person giving the notice.

9.2 Notice to the Warrantholders

(1) Any notice to the Warrantholders under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail or, if delivered by hand, to the holders at their addresses appearing in the register of holders. Any notice so delivered shall be deemed to have been received on the date of delivery if that date is a Business Day or the Business Day following the date of delivery if such date is not a Business Day or on the third Business Day if delivered by mail. All notices may be given to whichever one of the Warrantholders (if more than one) is named first in the appropriate register hereinbefore mentioned, and any notice so given shall be sufficient notice to all Warrantholders and any other persons (if any) interested in such Warrants. Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder will not invalidate any action or proceeding founded thereon.

(2) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders could reasonably be considered unlikely to reach its destination, the notice may be given in a news release disseminated through a newswire service, filed on SEDAR and posted on the Company's website; provided that in the case of a notice convening a meeting of the holders of Warrants, the Warrant Agent may require such additional publications of that notice, in Toronto, Ontario or in other cities or both, as it may deem necessary for the reasonable notification of the holders of Warrants or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required.

9.3 Privacy

The Company acknowledges that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(a) to provide the services required under this Indenture and other services that may be requested from time to time;

(b) to help the Warrant Agent manage its servicing relationships with such individuals;

(c) to meet the Warrant Agent's legal and regulatory requirements; and

(d) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

The Company acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Warrant Agent shall make available on its website or upon request, including revisions thereto. Some of this personal information may be transferred to servicers in the United States for data processing and/or storage. Further, the Company agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless the Company has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

9.4 Third Party Interests

The Company represents to the Warrant Agent that any account to be opened by, or interest to held by the Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent prescribed form as to the particulars of such third party.

9.5 Securities Exchange Commission Certification

The Company confirms that as at the date of this Indenture it does not have a class of securities registered pursuant to section 12 of the U.S. Securities and Exchange Act of 1934, as amended (the "**Exchange Act**") or have a reporting obligation pursuant to section 15(d) of the Exchange Act.

The Company covenants that in the event that (i) any class of its securities shall become registered pursuant to section 12 of the Exchange Act or the Company shall incur a reporting obligation pursuant to section 15(d) of the Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Company in accordance with the Exchange Act, the Company shall promptly deliver to the Warrant Agent an Officer's Certificate (in a form provided by the Warrant Agent) notifying the Warrant Agent of such registration or termination and such other information as the Warrant Agent may reasonably require at the time. The Company acknowledges that the Warrant Agent is relying upon the foregoing representation and covenants in order to meet certain United States Securities and Exchange Commission ("**SEC**") obligations with respect to those clients who are filing with the SEC.

9.6 Discretion of Directors

Any matter provided herein to be determined by the directors in their sole discretion and determination so made will be conclusive.

9.7 Satisfaction and Discharge of Indenture

Upon the earlier of the Time of Expiry or the date by which there shall have been delivered to the Warrant Agent for exercise or destruction in accordance with the provisions hereof all Warrants theretofore Authenticated or certified hereunder and by which no Warrants shall remain issuable hereunder, this Indenture, except to the extent that Warrant Shares and any certificates therefor have not been issued and delivered hereunder or the Company has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Company, and the Warrant Agent, on written demand of and at the cost and expense of the Company, and upon delivery to the Warrant Agent of a certificate of the Company stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Warrant Agent of the expenses, fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided that if the Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Company's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Company against the Warrant Agent.

9.8 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Nothing in this Indenture or the Warrant Certificates, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

9.9 Indenture to Prevail

To the extent of any discrepancy or inconsistency between the terms and conditions of this Indenture and the Warrant Certificate, the terms of this Indenture will prevail.

9.10 Assignment

This Indenture nor any benefits or burdens under this Indenture shall be assignable by the Company or the Warrant Agent without the prior written consent of the other party, such consent not to be unreasonably withheld. Subject to the foregoing, this Indenture shall enure to the benefit of and be binding upon the Company and the Warrant Agent and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

9.11 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

9.12 Force Majeure

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this section.

9.13 Rights of Rescission and Withdrawal for Holders

Should a holder of Warrants exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, and the holder's funds which were paid on exercise have already been released to the Company by the Warrant Agent, the Warrant Agent shall not be responsible for ensuring the exercise is cancelled and a refund is paid back to the holder. In such cases, the holder shall seek a refund directly from the Company and subsequently, the Company, upon surrender to the Company or the Warrant Agent of any underlying Warrant Shares or other securities that may have been issued, or such other procedure as agreed to by the parties hereto, shall instruct the Warrant Agent in writing to cancel the exercise transaction and any such underlying Warrant Shares or other securities on the register that may have already been issued upon the Warrant exercise. In the event that any payment is received from the Company by virtue of the holder being a shareholder for such Warrants that were subsequently rescinded, such payment must be returned to the Company by such holder. The Warrant Agent shall not be under any duty or obligation to take any steps to ensure or enforce the return of the funds pursuant to this section, nor shall the Warrant Agent be in any other way responsible in the event that any payment is not delivered or received pursuant to this section. Notwithstanding the foregoing, in the event that the Company provides the refund to the Warrant Agent for distribution to the holder, the Warrant Agent shall return such funds to the holder as soon as reasonably practicable, and in so doing, the Warrant Agent shall incur no liability with respect to the delivery or non-delivery of any such funds.

9.14 Counterparts and Formal Date

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Indenture.

(Signature page follows)

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

PLANET 13 HOLDINGS INC.

By: /s/ Dennis Logan
Dennis Logan
Chief Financial Officer

ODYSSEY TRUST COMPANY

By: /s/ Dan Sander
Dan Sander
VP, Corp Trust

By: /s/ Amy Douglas
Amy Douglas
Director, Corp Trust

SCHEDULE "A"

[For Warrants issued in the United States or to, or for the account or benefit of, U.S. Persons, also include the following legends:]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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.

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

FORM OF WARRANT CERTIFICATE

WARRANTS TO PURCHASE COMMON SHARES
OF PLANET 13 HOLDINGS INC.

(a company existing under the laws of British Columbia)

CUSIP No. 72706K143 ISIN
No. CA72706K1434

Warrant Certificate Number: ●

Representing ● Warrants to
purchase Common Shares (as defined below)

THIS CERTIFIES that, for value received, the registered holder hereof, • (the "**holder**") is entitled at any time at or before the Expiry Time (as defined below) to acquire, subject to adjustment in certain events, the number of Common Shares ("**Common Shares**") of Planet 13 Holdings Inc. (the "**Company**") specified above, as presently constituted, by surrendering to Odyssey Trust Company (the "**Warrant Agent**") at its principal office in Calgary, Alberta, this Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Warrant Certificate, and accompanied by payment of $5.00 per Common Share (the "**Warrant Exercise Price**") by certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Company at par at the above-mentioned office of the Warrant Agent. The holder of this Warrant Certificate may purchase less than the number of Common Shares which he is entitled to purchase on the exercise of the Warrants represented by this Warrant Certificate, in which event a new Warrant Certificate representing the Warrants not then exercised will be issued to the holder.

The Warrants evidenced under this Warrant Certificate are exercisable on or before 5:00 p.m. (Toronto time) (the "**Expiry Time**") on September 10, 2022 (the "**Expiry Date**"). After the Expiry Time, Warrants evidenced hereby shall be deemed to be void and of no further force or effect.

This Warrant Certificate represents Warrants of the Company issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**") dated as of September 10, 2020, between the Company and the Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Warrants and the Company and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Warrant Indenture. A copy of the Warrant Indenture can be requested by contacting the Warrant Agent. **In the event of any conflict between the provisions contained in this Warrant Certificate and the provisions of the Warrant Indenture, the provisions of the Warrant Indenture shall prevail**.

Upon acceptance hereof, the holder hereof hereby expressly waives the right to receive any fractional Common Shares upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. The Warrants represented by this Warrant Certificate shall be deemed to have been surrendered, and payment by certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its office in the City of Calgary, Alberta.

Upon due exercise of the Warrants represented by this Warrant Certificate and payment of the Warrant Exercise Price, the Company shall cause to be issued to the person(s) in whose name(s) the Common Shares have been so subscribed for, the number of Common Shares to be issued to such person(s) (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program), and the holder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing the Common Shares unless or until the holder shall have paid the Company or the Warrant Agent the amount of such tax (or shall have satisfied the Company that such tax has been paid or that no tax is due), and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise, and upon due surrender of this Warrant Certificate, the Transfer Agent shall issue a certificate(s) representing such Common Shares to be issued within five Business Days after the exercise of the Warrants (or portion thereof) represented hereby.

Neither the Warrants represented by this Warrant Certificate nor the Common Shares issuable upon exercise hereof have been or will be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. The Warrants represented by this Warrant Certificate may not be exercised within the United States or by, or for the account or benefit of, a U.S. person or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available. Certificates representing Common Shares issued in the United States or to, or for the account or benefit of, U.S. persons will bear a legend restricting the transfer and exercise of such securities under applicable United States federal and state securities laws. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Common Shares issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent. Subject to the provisions of the Warrant Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrants Certificates entitling the holder thereof to acquire an equal aggregate number of Common Shares subject to adjustment as provided for in the Warrant Indenture. The Company and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Warrant Indenture expressly provided.

The Warrant Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Warrant Exercise Price in certain events therein set forth.

The Warrant Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by the holders entitled to acquire upon the exercise of the Warrants a specified percentage of the Common Shares.

The Warrants and the Warrant Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Warrant Indenture.

The Company may from time to time at any time prior to the Expiry Time purchase any of the Warrants by private agreement or otherwise.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Warrant Indenture.

All dollar amounts herein are expressed in the lawful money of Canada.

(Signature page follows)

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be signed by its duly authorized officer as of this _____ day of _____, 20

PLANET 13 HOLDINGS INC.

By: _____

Authorized Signing Officer

Countersigned this _____ day

of _____, 20

ODYSSEY TRUST COMPANY

By: _____

Authorized Signing Officer

EXERCISE FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

The undersigned holder of the within Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for Common Shares of Planet 13 Holdings Inc. (the "**Company**") at the Warrant Exercise Price referred to in the attached Warrant Certificate on the terms and conditions set forth in such certificate and the Warrant Indenture and encloses herewith a certified cheque, bank draft or money order payable at par in the City of Calgary, in the Province of Alberta to the order of the Company in payment in full of the subscription price of the Common Shares hereby subscribed for.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the warrant indenture between the Company and Odyssey Trust Company dated September 10, 2020.

(Please check the **ONE** box applicable):

☐ 1.The undersigned certifies that it (i) is not in the United States and is not a "U.S. person", within the meaning of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), (ii) is not exercising this Warrant for the account or benefit of any U.S. Person or person in the United States, (iii) did not execute or deliver this Exercise Form within the United States and (iv) has in all other aspects complied with the terms of Regulation S under the U.S. Securities Act.

☐ 2.The undersigned certifies that it (i) purchased the Warrants as a part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Qualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder's QIB Letter remain true and correct on the Exercise Date.

☐ 3.The undersigned is delivering a written opinion of United States legal counsel or evidence satisfactory to the Company to the effect that the Warrant and the Common Shares to be delivered upon exercise hereof have been registered under the U.S. Securities Act or are exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

It is understood that the Company may require evidence to verify the foregoing representations.

The undersigned hereby directs that the said Common Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF COMMON SHARES

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the Transfer Form must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to Odyssey Trust Company, c/o Corporate Trust.

DATED this day of , .

)

)

)

Witness) (Signature of Warrantholder, to be the same as

) appears on the face of this Warrant Certificate)

)

)

Name of Registered Warrantholder

[ ] Please check this box if the securities are to be delivered at the office where these Warrants are surrendered, failing which the securities will be mailed.

NOTES:

1. Certificates will not be registered or delivered to an address in the United States unless Box 2 or Box 3 above is checked.

2. If Box 3 above is checked, holders are encouraged to contact the Company in advance to determine that the legal opinion or evidence tendered in connection with exercise will be satisfactory in form and substance to the Company.

TRANSFER FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

(Transferee)

(Address)

(Social Insurance Number)

_____ of the Warrants registered in the name of the undersigned transferor represented by the Warrant Certificate.

In the case of a Warrant Certificate that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

☐ (A) the transfer is being made only to the Company; or

☐ (B) the transfer is being made outside the United States in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and in compliance with any applicable local securities laws and regulations and the holder has provided herewith the Declaration for Removal of Legend attached as Schedule "B" to the Warrant Indenture; or

☐ (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, and in either case in accordance with applicable state securities laws; or

☐ (D) the transfer is being made within the United States or to, or for the account or benefit of, U.S. persons, in accordance with a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws and the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

In the case of a transfer in accordance with (C)(i) or (D) above, the Company and the Warrant Agent shall first have received an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to such effect.

In the case of a Warrant Certificate that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a U.S. person or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect. "United States" and "U.S. Person" are as defined by Regulation S under the U.S. Securities Act.

DATED this day of , .

SPACE FOR GUARANTEES) OF SIGNATURES (BELOW

) Signature of Transferor

Guarantor's Signature/Stamp) Name of Transferor

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

☐ **Gift** ☐ **Estate** ☐ **Private Sale** ☐ **Other (or no change in ownership)**

Date of Event (Date of gift, death or sale): **Value per Warrant on the date of event:**

☐ **CAD OR** ☐ **USD**

NOTES:

1. The signature to this transfer must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.

2. Warrants shall only be transferable in accordance with the warrant indenture between Planet 13 Holdings Inc. and Odyssey Trust Company dated July 3, 2020 (the "**Warrant Indenture**"),applicable laws and the rules and policies of any applicable stock exchange. Without limiting the foregoing, if the Warrant Certificate bears a legend restricting the transfer of the Warrants except pursuant to an exemption from registration under the U.S. Securities Act, and applicable state securities laws, this Transfer Form must be accompanied by a properly completed and executed declaration for removal of legend in the form attached as Schedule "B" to the Warrant Indenture.

CERTAIN REQUIREMENTS RELATING TO TRANSFERS – READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.
- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current

guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

REASON FOR TRANSFER – FOR US RESIDENTS ONLY

Consistent with US IRS regulations, Odyssey Trust Company is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

SCHEDULE "B"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

The undersigned (a) acknowledges that the sale of the securities of Planet 13 Holdings Inc. (the "**Company**") to which this declaration relates is being made in reliance on Rule 904 of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and (b) certifies that (1) it is not an affiliate of the Company (as defined in Rule 405 under the U.S. Securities Act), (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 believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Canadian Securities Exchange 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 any of 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 such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the sale was 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.

Dated: By: _____

Name:

Title:

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 Company 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.

Name of Firm

By: _____

Authorized officer

Date: _____

Exhibit 4.3

PLANET 13 HOLDINGS INC.

- and -
ODYSSEY TRUST COMPANY

WARRANT INDENTURE

Providing for the Issue of
up to 3,349,375 Common Share Purchase Warrants

November 5, 2020

TABLE OF CONTENTS

THIS WARRANT INDENTURE dated as of November 5, 2020

BETWEEN:

PLANET 13 HOLDINGS INC.,
a company existing under the laws of British Columbia

(the "Company")

AND

ODYSSEY TRUST COMPANY,
a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia

(the "Warrant Agent")

RECITALS

WHEREAS:

A. In connection with the public offering by the Company of up to 6,698,750 Units (as defined below) pursuant to a short form prospectus dated October 30, 2020 (the **"Offering"),** the Company proposes to issue and sell to the public up to 3,349,375 Warrants (as defined below), of which 2,912,500 Warrants will be issuable as a part of the base Offering and up to 436,875 Warrants will be issuable upon the due exercise of the Over-Allotment Option (as defined below);

B. Each Warrant entitles the holder thereof to purchase, subject to adjustment in certain events, one Warrant Share (as defined below) at a price of $5.80 at any time prior to 5:00 p.m. (Toronto time) on November 5, 2022;

C. For such purpose the Company deems it necessary to create and issue Warrants and Warrant Certificates (as defined below) to be constituted and issued in the manner hereinafter set forth;

D. The Company is duly authorized to create and issue the Warrants to be issued as herein provided;

E. All things necessary have been done and performed to make the Warrants, when Authenticated (as defined below) or certified by the Warrant Agent and issued as provided in this Indenture, legal, valid and binding upon the Company with the benefits of and subject to the terms of this Indenture;

F. The foregoing recitals are made as statements of fact by the Company and not by the Warrant Agent; and

G. The Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this Indenture from time to time;

NOW THEREFORE THIS INDENTURE WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture, unless there is something in the subject matter or context inconsistent therewith:

"Applicable Legislation" means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of issuers and warrant agents under warrant indentures as are from time to time in force and applicable to this Indenture;

"Authenticated" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Company and authenticated by manual signature of an authorized officer of the Warrant Agent, and (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.4 are entered in the register of Warrantholders, **"Authenticate", "Authenticating"** and **"Authentication"** have the appropriate correlative meanings;

"Beneficial Owner" means a person that has a beneficial interest in a Warrant;

"Book-Entry Only System" means the book-based securities system administered by CDS in accordance with its operating rules and procedures in force from time to time;

"Business Day" means a day that is not a Saturday, Sunday, or a day on which banks are closed or which is a civic or statutory holiday in the City of Toronto, Ontario or Calgary, Alberta;

"Capital Reorganization" has the meaning ascribed to that term in Section 2.13(4);

"CDS" means CDS Clearing and Depository Services Inc. and its successors in interest;

"CDSX" means the CDS settlement and clearing system for equity and debt securities in Canada;

"Closing Date" means November 5, 2020 or such other date as agreed to by the Company and the Underwriters;

"Common Share Reorganization" has the meaning ascribed to that term in Section **2.13(1);**

"Common Shares" means the common shares in the capital of the Company;

"Company" means Planet 13 Holdings Inc., a corporation existing under the laws of British Columbia, and its lawful successors from time to time;

"Company's Auditors" means the chartered (professional) accountant or firm of chartered
(professional) accountants duly appointed as auditor or auditors of the Company from time to time, including prior auditors of the Company, as applicable;

"Confirmation" has the meaning ascribed that term in Section 3.1(4);

"counsel" means a barrister and solicitor or lawyer or a firm of barristers and solicitors or lawyers, in both cases acceptable to the Warrant Agent;

"CSE" means the Canadian Securities Exchange;

"Current Market Price" means, at any date, the volume weighted average price per share at which the Common Shares have traded:

(a) on the CSE;

(b) if the Common Shares are not listed on the CSE, on any stock exchange upon which the Common Shares are listed, as may be selected for this purpose by the board of directors of the Company, acting reasonably; or

(c) if the Common Shares are not listed on any stock exchange, on any over-the- counter market on which the Common Shares are trading, as may be selected for this purpose by the board of directors of the Company, acting reasonably;

during the 20 consecutive trading days (on each of which at least 500 Common Share are traded in board lots) ending the second trading day before such date; provided that the volume weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 20 consecutive trading days by the number of Common Shares so sold on said exchange or market or, if not traded on any recognized exchange or market, as determined by the directors of the Company, acting reasonably;

"director" means a member of the board of directors of the Company for the time being, and unless otherwise specified herein, reference to **"action by the board of directors"** means action by the board of directors of the Company as a board or, whenever duly empowered, action by a committee of the board;

"Dividend Paid in the Ordinary Course" means dividends paid in any financial year of the Company, whether in (i) cash, (ii) shares of the Company, (iii) warrants or similar rights to purchase any shares of the Company or property or other assets of the Company provided that the value of such dividends per outstanding Common Share does not in such financial year exceed in aggregate 5% of the Exercise Price;

"Exchange Basis" means, at any time, the number of Warrant Shares or other classes of shares or securities or property which a Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 2 hereof, such number being equal to one Warrant Share per Warrant as of the date hereof;

"Exercise Date" with respect to any Warrant means the date on which such Warrant is duly surrendered for exercise in accordance with the provisions of Article 3 hereof;

"Exercise Notice" has the meaning ascribed that term in Section 3.1(4);

"Exercise Price" means $5.80 for each Warrant Share, subject to adjustment in accordance with the provisions of Article 2 hereof;

“Expiry Date” means Novembers, 2022;

"extraordinary resolution" has the meaning ascribed to that term in sections 6.12 and 6.15;

"Internal Procedures" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent;

"Offering" has the meaning ascribed thereto in Recital A of this Indenture;

“Original U.S. Purchaser” means a Qualified Institutional Buyer who purchased Warrants as part of the Offering;

"Over-Allotment Option" means the option granted by the Company to the Underwriters, which may be exercised in the Underwriters' sole discretion and without obligation, to purchase up to an additional 873,750 Units, including up to 873,750 Unit Shares and up to 436,875 Warrants, for the purpose of covering over-allotments made in connection with the Offering and for market stabilization purposes, and which is exercisable for any combination of additional Units, additional Unit Shares and/or additional Warrants, from and including thirty (30) days following the Closing Date;

"Participant" means a person recognized by CDS as a participant in the Book-Entry Only System;

"person" means an individual, a corporation, a limited liability company, a partnership, a syndicate, a trustee or any unincorporated organization and words importing persons are intended to have a similarly extended meaning;

“Price” means the Exercise Price;

“Qualified Institutional Buyer” means a “qualified institutional buyer” as such term is defined in Rule 144A under the U.S. Securities Act;

"QIB Letter" means the Qualified Institutional Buyer Letter signed by the Original U.S. Purchaser;

"Regulation S" means Regulation S as promulgated under the U.S. Securities Act;

"Rights Offering" has the meaning ascribed to that term in Section 2.13(2);

"Rights Offering Price" has the meaning ascribed to that term in Section 2.14(8);

"Securities Laws" means, collectively, the applicable securities laws and regulations of each of the provinces of Canada, except Quebec, the United States and each of the states of the United States, together with all respective regulations made and forms prescribed thereunder,
published rules, policy statements, notices, orders and rulings of the securities commissions or similar regulatory authorities thereto, as applicable, including the rules and policies of the CSE;

"shareholder" means an owner of record of one or more Common Shares or shares of any other class or series of the Company;

"Special Distribution" has the meaning ascribed to that term in Section 2.13(3);

"Subsidiary" means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Company or by one or more subsidiaries of the Company and, as used in this definition, "voting shares" means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

"successor company" has the meaning ascribed to that term in Section 7.2;

"this Indenture", "herein", "hereby" and similar expressions mean or refer to this Common Share purchase warrant indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions **"Article", "section",** or **"paragraph"** followed by a number or letter mean and refer to the specified Article, section, or paragraph of this Indenture;

"Time of Expiry" means 5:00 p.m. (Toronto time) on the Expiry Date;

"trading day" means a day on which the CSE (or such other exchange on which the Common Shares are listed) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;

"transaction instruction" means a written order signed by the holder or CDS, entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Warrant Agent, requesting one or more such actions to be taken in respect of an Uncertificated Warrant;

"Transfer Agent" means the transfer agent or agents for the time being for the Common Shares;

"U.S. Person" means a U.S. person as that term is defined under Regulation S;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended;

"Uncertificated Warrant" means any Warrant which is issued under the Book-Entry Only System or any Warrant which is not a certificated Warrant;

"Underwriters" means collectively Canaccord Genuity Corp. and Beacon Securities Limited;

"Unit Share" means a Common Share comprising part of each Unit;

"United States" means the United States as that term is defined in Regulation S;

"Units" means the units of the Company, each Unit being comprised of one Unit Share and one-half Warrant;

"Warrant Agent" means Odyssey Trust Company, a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia or any lawful successor thereto including through the operation of Section 8.8;

"Warrant Certificates" means the certificates representing Warrants substantially in the form attached as Schedule "A" hereto or such other form as may be approved by the Company and the Warrant Agent;

"Warrant Shares" means the Common Shares or, as a result of any adjustment to the subscription rights pursuant to Article 2 hereof, other securities or property issuable upon the exercise of the Warrants;

"Warrantholders" or **"holders"** means the persons whose names are entered for the time being in the register maintained pursuant to Section 2.8;

"Warrantholders' Request" means an instrument, signed in one or more counterparts by Warrantholders representing, in the aggregate, at least 20% of the aggregate number of Warrants then outstanding, which requests the Warrant Agent to take some action or proceeding specified therein;

"Warrants" means the Common Share purchase warrants of the Company issued and Authenticated hereunder as Uncertificated Warrants or to be issued and countersigned in the form of Warrant Certificates, in either case, entitling the holders thereof to purchase Warrant Shares on the basis of one Warrant Share for each Warrant upon payment of the Exercise Price prior to the Time of Expiry; provided that in each case the number and/or class of securities or property receivable on the exercise of the Warrants may be subject to increase or decrease or change in accordance with the terms and provisions hereof; and

"written direction of the Company", "written request of the Company", "written consent of the Company", "Officer's Certificate" and **"certificate of the Company"** and any other document required to be signed by the Company, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Company by any officer or director and may consist of one or more instruments so executed.

1.2 Words Importing the Singular

Unless elsewhere otherwise expressly provided, or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 Interpretation not Affected by Headings

The division of this Indenture into Articles, sections, and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

1.4 Day not a Business Day

If any day on or before which any action is required or permitted to be taken hereunder is not a Business Day, then such action shall be required or permitted to be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence in all respects of this Indenture and the Warrants issued hereunder.

1.6 Governing Law

This Indenture and the Warrants issued hereunder shall be construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

1.7 Meaning of "outstanding" for Certain Purposes

Every Warrant Authenticated or certified by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation, exercised pursuant to Section 3.1 or until the Time of Expiry; provided that where a new Warrant Certificate has been issued pursuant to Section 2.6 to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding.

1.8 Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian dollars.

1.9 Termination

This Indenture shall continue in full force and effect until the earlier of: (a) the Time of Expiry; and (b) provided that no Warrants remain issuable pursuant to the terms of this Indenture, the date that no Warrants are outstanding hereunder; provided that this Indenture shall continue in effect thereafter, if applicable, until the Company and the Warrant Agent have fulfilled all of their respective obligations under this Indenture.

ARTICLE 2 ISSUE OF WARRANTS

2.1 Issue of Warrants

Subject to adjustment in accordance with the provisions hereof, the Company creates and authorizes the issuance of up to 3,349,375 Warrants entitling the registered holders thereof to acquire an aggregate of up to 3,349,375 Warrant Shares, all of which are hereby created and authorized to be issued hereunder at the Exercise Price upon the terms and conditions as set forth herein. Uncertificated Warrants shall be Authenticated by the Warrant Agent and deposited in CDS and Warrant Certificates evidencing the Warrants shall be executed by the Company, certified by or on behalf of the Warrant Agent and delivered by the Warrant Agent in accordance with a written direction of the Company, all in accordance with sections 2.3 and 2.4. Subject to adjustment in accordance with the provisions of this Indenture, each of the Warrants issued hereunder shall entitle the holder thereof to receive from the Company, at the Exercise Price, the number of Warrant Shares equal to the Exchange Basis in effect on the Exercise Date.

2.2 Form and Terms of Warrants

(1) The Warrants may be issued in either certificated or uncertificated form. The Warrant Certificates shall be substantially in the form attached as Schedule "A" hereto, subject to the provisions of this Indenture, with such additions, variations and changes as may be required or permitted by the terms of this Indenture, and to give effect to any Warrants not being issued as Uncertificated Warrants, and which may from time to time be agreed upon by the Warrant Agent and the Company, and shall have such legends, distinguishing letters and numbers as the Company may, with the approval of the Warrant Agent, prescribe. Except as hereinafter provided in this Article 2, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Company may determine. No change in the form of the Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities or property that may be acquired pursuant to the Warrants. All Warrants issued to CDS may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.8.

(2) Each Warrant authorized to be issued hereunder shall entitle the registered holder thereof to acquire (subject to sections 2.13,2.14 and 2.15) upon due exercise and upon the transaction instruction or due execution of the exercise form endorsed on the Warrant Certificate, as applicable, or other instrument of exercise in such form as the Warrant Agent and/or the Company may from time to time prescribe and upon payment of the Exercise Price, one Warrant Share or such other kind and amount of shares or securities or property, calculated pursuant to the provisions of sections 2.13 and 2.14, as the case may be, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this Indenture.

(3) Fractional Warrants shall not be issued or otherwise provided for. If any fraction of a Warrant would otherwise be issuable and result in a fraction of a Warrant Share being issuable, any such fractional Warrant so issued shall be rounded down to the nearest whole Warrant without compensation therefor.

2.3 Signing of Warrant Certificates

Warrant Certificates shall be signed by any one of the directors or officers of the Company and may, but need not be under the corporate seal of the Company or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile or other electronic format and Warrant Certificates bearing such facsimile or other electronic format signatures shall be binding upon the Company as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or electronic signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate Authenticated or signed as aforesaid shall, subject to Section 2.4, be valid and binding upon the Company and the registered holder thereof will be entitled to the benefits of this Indenture.

2.4 Authentication by the Warrant Agent

(1) No Warrant shall be issued or, if issued, shall be valid for any purpose or entitle the registered holder to the benefit hereof or thereof until it has been Authenticated by or on behalf of the Warrant Agent, as applicable, and such Authentication by the Warrant Agent shall be conclusive evidence as against the Company that the Warrant so Authenticated has been duly issued hereunder and the holder is entitled to the benefits hereof.

(2) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise) by completing its Internal Procedures and the Company shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time, the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Company.

(3) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to acquire Warrant Shares, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.

(4) No Warrant Certificate shall be considered issued or shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by or on behalf of the Warrant Agent substantially in the form of the Warrant Certificate set out in Schedule "A" hereto. Such Authentication on any such Warrant Certificate shall be conclusive evidence that such Warrant Certificate is duly Authenticated and is valid and a binding obligation of the Company and that the holder is entitled to the benefits of this Indenture.

(5) The Authentication or certification of the Warrant Agent on the Warrants issued hereunder, including byway of entry on the register, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due Authentication and certification thereof) or as to the performance by the Company of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

2.5 Warrantholder not a Shareholder, etc.

Nothing in this Indenture or the holding of a Warrant shall be construed as conferring upon a Warrantholder any right or interest whatsoever as a shareholder, including but not limited to the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Company, nor entitle the holder to any right or interest in respect thereof except as herein and in the Warrants expressly provided.

2.6 Issue in Substitution for Lost Warrant Certificates

(1) If any Warrant Certificates issued and certified under this Indenture shall become mutilated or be lost, destroyed or stolen, the Company, subject to applicable law, and Section 2.6(2), shall issue and thereupon the Warrant Agent shall certify and deliver a new Warrant Certificate of like denomination, date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be substantially in the form set out in Schedule "A" hereto and Warrants evidenced by it will entitle the holder thereof to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to this Section shall bear the reasonable cost of the issue thereof and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated Warrant Certificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Company and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Company and to the Warrant Agent in their sole discretion, acting reasonably, and such applicant may be required to furnish an indemnity and surety bond in amount and form satisfactory to the Company and the Warrant Agent in their sole discretion, acting reasonably, and shall pay the reasonable charges of the Company and the Warrant Agent in connection therewith.

2.7 Warrants to Rank Pari Passu

All Warrants shall rank *pari passu* with all other Warrants, whatever may be the actual date of issue of the Warrants.

2.8 Registration and Transfer of Warrants

(1) The Warrant Agent will create and keep at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta:

(a) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them and the Warrant Agent shall be entitled to rely on such register in connection with the exchange, transfer, exercise or deemed exercise of any Warrant(s) pursuant to the terms of this Indenture or the terms thereof; and

(b) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(2) No transfer of any Warrant will be valid unless entered on the register of transfers referred to in Section 2.8(1), upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, and a duly completed and executed transfer form endorsed on the Warrant Certificate or in the case of Uncertificated Warrants a duly executed transaction instruction from the holder (or such other instructions, in form satisfactory to the Warrant Agent) executed by the registered holder or his executors, administrators or other legal representatives or his attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent, if applicable, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe and all applicable securities requirements of regulatory authorities, such transfer will be recorded on the register of transfers by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee a Warrant Certificate, or in the case of an Uncertificated Warrant, the Warrant Agent shall Authenticate and deliver a Warrant Certificate upon request that part of the Uncertificated Warrant be certificated. Transfers within the systems of CDS are not the responsibility of the Warrant Agent and will not be noted on the register maintained by the Warrant Agent.

(3) The transferee of any Warrant will, after surrender to the Warrant Agent of the Warrant as required by Section 2.8(2) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the register of holders referred to in Section 2.8(1) as the owner of such Warrant free from all equities or rights of setoff or counterclaim between the Company and the transferor or any previous holder of such Warrant, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

(4) The Company will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in Section 2.8(1), if such transfer would constitute a violation of the Securities Laws of any applicable jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with applicable Securities Laws.

(5) Any Warrant issued to a transferee upon transfers contemplated by this section 2.8 shall bear the appropriate legend as set forth in Section 2.20(2), if applicable.

(6) If a Warrant tendered for transfer bears the legend set forth in Section 2.20(2), the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant and complies with the requirements of the said Section 2.20(2).

(7) Warrants, in certificated form, bearing the legend set forth in Section 2.20(2) shall not be offered, sold, pledged or otherwise transferred, directly or indirectly, except (A) to the Company; (B) outside the United States in compliance with Rule 904 of Regulation S, if available, and in compliance with applicable local laws and regulations; (C) pursuant to an exemption from registration under the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, if available, and in compliance with applicable U.S. state securities laws; (D) in compliance with another exemption from registration under the U.S. Securities Act and applicable state securities laws; or (E) under an effective registration statement under the U.S. Securities Act, provided that in the case of transfers pursuant to (C)(i) or (D) above, a legal opinion or other evidence, reasonably satisfactory to the Company, must first be provided to the Company and the Warrant Agent to the effect that such transfer is exempt from registration under the U.S. Securities Act and applicable state securities laws..

(8) The Warrant Agent shall give notice to the Company of the transfer made by a Warrantholder pursuant to Section 2.8(7) and the Company shall provide written authorization to proceed with the transfer before such transfer is made effective by the issuance of the Warrant.

2.9 Registers Open for Inspection

The registers referred to in Section 2.8(1) shall be open at all reasonable times during business hours on a Business Day for inspection by the Company or any Warrantholder. The Warrant Agent shall, from time to time when requested to do so in writing by the Company, furnish the Company with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Warrant Agent and showing the number of Warrants held by each such holder.

2.10 Exchange of Warrants

(1) Warrants may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrants in any other authorized denomination representing in the aggregate an equal number of Warrants as the number of Warrants represented by the Warrants being exchanged. The Company shall sign and the Warrant Agent shall Authenticate or certify, in accordance with sections 2.3 and 2.4, all Warrants necessary to carry out the exchanges contemplated herein.

(2) Warrants may be exchanged only at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta or at any other place that is designated by the Company with the approval of the Warrant Agent. Any Warrants tendered for exchange shall be surrendered to the Warrant Agent and cancelled.

(3) Except as otherwise herein provided, the Warrant Agent may charge Warrantholders requesting an exchange a reasonable sum for each Warrant Certificate issued; and payment of such charges and reimbursement of the Warrant Agent or the Company for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange as a condition precedent to such exchange.

2.11 Ownership of Warrants

The Company and the Warrant Agent and their respective agents may deem and treat the registered holder of any Warrant as the absolute owner of the Warrant represented thereby for all purposes and the Company and the Warrant Agent and their respective agents shall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Warrant shall be entitled to the rights evidenced by that Warrant free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction and all persons may act accordingly and the receipt by any holder of the Warrant Shares or monies obtainable pursuant to the exercise of the Warrant shall be a good discharge to the Company and the Warrant Agent for the same and neither the Company nor the Warrant Agent shall be bound to inquire into the title of any holder.

2.12 Uncertificated Warrants

(1) Registration and re-registration of beneficial interests in and transfers of Warrants held by CDS shall be made only through the Book-Entry Only System and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by CDS, as determined by the Company, from time to time. Except as provided in this Section 2.12, owners of beneficial interests in any Uncertificated Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register referred to in Section 2.8 herein. Notwithstanding any terms set out herein, Warrants subject to the restrictions and any legend set forth in Section 2.20 herein and held in the name of CDS may only be held in the form of Uncertificated Warrants with the prior consent of the Company and CDS.

(2) If any Warrant is issued in uncertificated form and any of the following events occurs:

(a) CDS or the Company has notified the Warrant Agent that (A) CDS is unwilling or unable to continue as depository or (B) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Company is unable to locate a qualified successor depository within ninety (90) days of delivery of such notice;

(b) the Company has determined, in its sole discretion, acting reasonably, to terminate the Book-Entry Only System in respect of such Uncertificated Warrants and has communicated such determination to the Warrant Agent in writing;

(c) the Company or CDS is required by applicable law to take the action contemplated in this section;

(d) there is an exercise of Warrants pursuant to 3.1(4) and the Warrantholder is unable to make the representations in 3.1(4) (a), (b),

(c) and (d) thereto; or

(e) the Book-Entry Only System administered by CDS ceases to exist,

then one or more definitive fully registered Warrant Certificates shall be executed by the Company and certified and delivered by the Warrant Agent to CDS in exchange for the Uncertificated Warrants held by CDS. The Company shall provide an Officer's Certificate giving notice to the Warrant Agent of the occurrence of any event outlined in this Section 2.12(2).

Fully registered Warrant Certificates issued and exchanged pursuant to this section shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Uncertificated Warrants so exchanged. Upon exchange of Uncertificated Warrants for one or more Warrant Certificates in definitive form, such Uncertificated Warrants shall be cancelled by the Warrant Agent.

(3) Subject to the provisions of this Section 2.12, any exchange of Warrants for Warrants which are not Uncertificated Warrants may be made in whole or in part in accordance with the provisions of Section 2.10, *mutatis mutandis*. All such Warrants issued in exchange for Uncertificated Warrants or any portion thereof shall be registered in such names as CDS for such Uncertificated Warrants shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to Uncertificated Warrants) as the Uncertificated Warrants or portion thereof surrendered upon such exchange.

(4) Every Warrant Authenticated upon registration of transfer of Uncertificated Warrants, or in exchange for or in lieu of Uncertificated Warrants or any portion thereof, whether pursuant to this Section 2.12, or otherwise, shall be Authenticated in the form of, and shall be, an Uncertificated Warrant, unless such Warrant is registered in the name of a person other than CDS for such Uncertificated Warrant or a nominee thereof.

(5) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the Warrants to be issued to CDS or a nominee thereof will be issued as an Uncertificated Warrant, unless otherwise requested in writing by CDS or the Company.

(6) The rights of Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System shall be limited to those established by applicable law and agreements between CDS and the Participants and between such Participants and the Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System, and such rights must be exercised through a Participant in accordance with the rules and procedures of CDS.

(7) Notwithstanding anything herein to the contrary, neither the Company nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(a) the electronic records maintained by CDS relating to any ownership interests or any other interests in the Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by an electronic position in the Book-Entry Only System (other than CDS or its nominee);

(b) maintaining, supervising or reviewing any records of CDS or any Participant relating to any such interest; or

(c) any advice or representation made or given by CDS or those contained herein that relate to the rules and regulations of CDS or any action to be taken by CDS on its own direction or at the direction of any Participant.

(8) The Company may terminate the application of this Section 2.12 in its sole discretion, acting reasonably, in which case all Warrants shall be evidenced by Warrant Certificates registered in the name(s) of a person other than CDS.

2.13 Adjustment of Exchange Basis

Subject to Section 2.14, the Exchange Basis shall be subject to adjustment from time to time in the events and in the manner provided as follows:

(1) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall:

(a) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants); or

(b) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares; or

(c) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these paragraphs (a), (b) or (c) being called a **"Common Share Reorganization"),** then the Exchange Basis in effect on the effective date of such subdivision or consolidation, or on the record date of such stock dividend or other distribution, as the case may be, shall be adjusted by multiplying the Exchange Basis in effect immediately prior to such effective or record date by a fraction:

(a) the numerator of which shall be the total number of Common Shares outstanding on such date immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date, assuming in any case where such securities are not then convertible or exchangeable but subsequently become so, that they were convertible or exchangeable on the record date on the basis upon which they first become convertible or exchangeable), and

(b) the denominator of which shall be the total number of Common Shares outstanding on such date before giving effect to such Common Share Reorganization.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. To the extent that any adjustment in the Exchange Basis occurs pursuant to this Section 2.13(1) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares and the Common Share Reorganization does not occur or any conversion or exchange rights are not fully exercised, the Exchange Basis shall be readjusted immediately after the expiry of any relevant exchange or conversion right or the termination of the Common Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Common Shares actually issued and remaining issuable pursuant to the Common Share Reorganization after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(2) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of rights, options or warrants entitling them, for a period expiring not more than forty-five (45) days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price on such record date (any of such events being called a **"Rights Offering"),** then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of all of the rights, options or warrants under the Rights Offering and assuming the exchange for or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, options or warrants, if any), and

(b) the denominator of which shall be the aggregate of:

(i) the total number of Common Shares outstanding as of the record date for the Rights Offering, and

(ii) a number of Common Shares determined by dividing

(A) the amount equal to the aggregate consideration payable on the exercise of all of the rights, options and warrants under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, options or warrants (assuming the exercise of all rights, options and warrants under the Rights Offering and assuming the exchange or conversion of all exchangeable or convertible securities issued upon exercise of such rights, options and warrants);

by

(B) the Current Market Price as of the record date for the Rights Offering.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership in which the Company is directly or indirectly a party to will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Common Shares, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Common Shares.

(3) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the issuance or distribution to all or substantially all the holders of its outstanding Common Shares of:

(a) shares of the Company of any class other than Common Shares; or

(b) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares; or

(c) evidences of indebtedness; or

(d) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a **"Special Distribution"),** the Exchange Basis shall be adjusted effective immediately after such record date for the Special Distribution by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, and

(b) the denominator of which shall be:

(A) the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less

(B) the fair market value, as determined by action by the board of directors acting reasonably and in good faith (whose determination, absent manifest error, shall be conclusive), to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or securities, property or other assets issued or distributed in the Special Distribution provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership of which the Company is directly or indirectly a party, will be deemed not to be outstanding for the purpose of any such computation.

(4) If and whenever, at any time after the date hereof and prior to the Time of Expiry, there shall be a reclassification of the Common Shares at any time outstanding or change or exchange of the Common Shares into or for other shares or into or for other securities or property (other than a Common Share Reorganization), or a consolidation, amalgamation, arrangement or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change or exchange of the Common Shares into or for other shares, securities or property), or a transfer (other than to a Subsidiary) of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a **"Capital Reorganization"),** any Warrantholder who thereafter shall exercise his right to receive Warrant Shares pursuant to Warrant(s) shall be entitled to receive, and shall accept in lieu of the number of Warrant Shares to which such holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Warrant Shares to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions in this Indenture with respect to the rights and interests thereafter of Warrantholders to the end that the provisions in this Indenture shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors of the Company and by the Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(5) Any adjustment to the Exchange Basis as set forth herein shall also include a corresponding adjustment to the Price which shall be calculated by multiplying the Price by a fraction: (a) the numerator of which shall be the Exchange Basis prior to the adjustment, and (b) the denominator of which shall be the Exchange Basis after the adjustment.

2.14 Rules Regarding Calculation of Adjustment of Exchange Basis For the purposes of Section 2.13:

(1) The adjustments provided for in Section 2.13 shall be cumulative and such adjustments shall be made successively whenever an event referred to in Section 2.13 shall occur, subject to the following subsections of this Section 2.14.

(2) No adjustment in the: (a) Exchange Basis shall be required unless such adjustment would result in a change of at least 0.01 of a Warrant Share based on the prevailing Exchange Basis; or (b) the Price shall be required unless such adjustment would result in a change of at least 1% of the Price, provided that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

(3) No adjustment in the Exchange Basis or the Price shall be made in respect of any event described in Section 2.13, other than the events referred to in paragraphs (b) and (c) of subsection (1) thereof, if Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis,* as if Warrantholders had exercised their Warrants prior to or on the effective date or record date of such event, any such participation being subject to regulatory approval.

(4) No adjustment in the Exchange Basis or the Price shall be made pursuant to Section 2.13 in respect of (i) the issue from time to time of Warrant Shares purchasable on exercise of the Warrants and any such issue shall be deemed not to be a Common Share Reorganization; (ii) a Dividend Paid in the Ordinary Course; or (iii) a distribution of Common Shares pursuant to the exercise of stock options granted under stock option plans of the Company.

(5) If a dispute shall at any time arise with respect to adjustments provided for in Section 2.13, such dispute shall, absent manifest error, be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Company, the Warrant Agent and the Warrantholders.

(6) If the Company shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(7) In the absence of a resolution of the directors fixing a record date for a Rights Offering or Special Distribution, the Company shall be deemed to have fixed as the record date therefor the date on which the Rights Offering or Special Distribution is effected.

(8) If the purchase price provided for in any Rights Offering (the **"Rights Offering Price")** is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to Section 2.13(2) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of Section 2.13.

(9) As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exchange Basis, the Company shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Company have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(10) In case the Company, after the date hereof, shall take any action affecting any Common Shares, other than action described in Section 2.13, which in the opinion of the directors acting reasonably and in good faith would materially affect the rights of Warrantholders, the Exchange Basis shall be adjusted in such manner, if any, and at such time, as the directors, in their sole discretion acting reasonably and in good faith, may determine to be equitable in the circumstances. Failure of the taking of any action by the directors so as to provide for an adjustment in the Exchange Basis prior to the effective date of any action by the Company affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.

(11) The Warrant Agent shall be entitled to act and rely on any adjustment calculations by the Company or the Company's Auditors.

2.15 Postponement of Subscription

In any case where the application of Section 2.13 results in an increase in the number of Common Shares that are issuable upon exercise of the Warrants taking effect immediately after the record date for a specific event, if any Warrant is exercised after that record date and prior to completion of such specific event, the Company may postpone the issuance to the Warrantholder of the Warrant Shares to which he is entitled by reason of such adjustment, but such Warrant Shares shall be so issued and delivered to that holder upon completion of that event, with the number of such Warrant Shares calculated on the basis of the number of Warrant Shares on the date that the Warrant was exercised, adjusted for completion of that event and the Company shall deliver to the person or persons in whose name or names the Warrant Shares are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Warrant Shares and the right to receive any dividends or other distributions which, but for the provisions of this Section 2.15, such person or persons would have been entitled to receive in respect of such Warrant Shares from and after the date that the Warrant was exercised in respect thereof.

2.16 Notice of Adjustment

(1) At least fourteen (14) days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to Section 2.13, the Company shall:

(a) file with the Warrant Agent a certificate of the Company specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based; and

(b) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(2) In case any adjustment for which a notice in Section 2.16(1) has been given is not then determinable, the Company shall promptly after such adjustment is determinable:

(a) file with the Warrant Agent a computation of such adjustment; and

(b) give notice to the Warrantholders of the adjustment.

(3) The Warrant Agent may and shall be protected in so doing, absent manifest error, act and rely upon certificates of the Company and other documents filed by the Company pursuant to this Section 2.16 for all purposes of the adjustment.

2.17 No Action after Notice

The Company covenants with the Warrant Agent that it will not close its books nor take any other corporate action which might deprive a Warrantholder of the opportunity of exercising
the rights of acquisition pursuant thereto during the period of ten (10) days after the giving of the notice set forth in paragraph (b) of Sections 2.16(1) and (2).

2.18 Purchase of Warrants for Cancellation

The Company may, at any time and from time to time, purchase Warrants by invitation to tender, by private contract, on any stock exchange (if then listed) or otherwise (which shall include a purchase through an investment dealer or firm holding membership on a Canadian stock exchange) on such terms as the Company may determine. All Warrants purchased pursuant to the provisions of this Section 2.18 shall be forthwith delivered to and cancelled by the Warrant Agent and shall not be reissued. If required by the Company, the Warrant Agent shall furnish the Company with a certificate as to such destruction.

2.19 Protection of Warrant Agent

The Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any registered holder of Warrants to determine whether any facts exist that may require any adjustment contemplated by this Article 2, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;

(b) be accountable with respect to the validity or value or the kind or amount of any Warrant Shares or of any other securities or property that may at any time be issued or delivered upon the exercise of the Warrants;

(c) be responsible for any failure of the Company to make any cash payment, to issue, transfer or deliver Warrant Shares or certificates upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in Section 2.13; or

(d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the representations, warranties or covenants of the Company or any acts or deeds of the agents or servants of the Company.

2.20 U.S. Legend on Warrant Certificates and Warrant Share certificates

(1) The Warrant Agent understands and acknowledges that the Warrants and the Warrant Shares issuable upon exercise of the Warrants have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States.

(2) Each Warrant, in certificated form, originally issued in the United States or, to or for the account or benefit of, a U.S. Person, and all Warrant Shares issued upon exercise of such Warrants, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY *[for Warrants, add:* AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY *[for Warrants, add:* AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF] MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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."

[for Warrants, include: "THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS ORAN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."]

provided that, if the Warrants or Warrant Shares issuable upon exercise of the Warrants are being sold in accordance with Rule 904 of Regulation S, the legend may be removed by providing to the Warrant Agent or the Transfer Agent, as the case may be, (i) a declaration in the form attached hereto as Schedule "B" (or as the Company may prescribe from time to time in order to address changes in applicable laws) and (ii) if required by the Transfer Agent, an opinion of counsel, of recognized standing reasonably satisfactory to the Company, or other evidence reasonably satisfactory to the Company, that the proposed transfer may be effected without registration under the U.S. Securities Act.

provided further, that if the Warrants or Warrant Shares are being sold pursuant to Rule 144 under the U.S. Securities Act, if available, the legend may be removed by delivering to the Company and the Warrant Agent or the Transfer Agent, as the case may be, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

(3) If a Warrant or Warrant Share issued with respect to an exercise of Warrants is tendered for transfer and bears the legend set forth in Section 2.20(2) herein and the holder thereof has not obtained the prior written consent of the Company, the Warrant Agent or the Transfer Agent, as the case may be, shall not register such transfer unless the holder complies with the requirements of the said Section 2.20(2) hereof.

ARTICLE 3 EXERCISE OF WARRANTS

3.1 Method of Exercise of Warrants

(1) The registered holder of any Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Warrant Shares to which such Warrant entitles the holder, by surrendering the Warrant Certificate representing such Warrants to the Warrant Agent at any time prior to the Time of Expiry at its principal stock transfer offices in the City of Calgary, Alberta (or at such additional place or places as may be decided by the Company from time to time with the approval of the Warrant Agent), with a duly completed and executed exercise form of the registered holder or his executors, administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, substantially in the form endorsed on the Warrant Certificate specifying the number of Warrant Shares subscribed for together with a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Company in an amount equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for. A Warrant Certificate with the duly completed and executed exercise form and payment of the Exercise Price shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent.

(2) Any exercise form referred to in Section 3.1(1) shall be signed by the Warrantholder, or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, but such exercise form need not be executed by CDS. Such exercise form shall specify the person(s) in whose name such Warrant Shares are to be issued, the address(es) of such person(s) and the number of Warrant Shares to be issued to each person, if more than one is so specified. If any of the Warrant Shares subscribed for are to be issued to person(s) other than the Warrantholder, the Warrantholder shall also complete the transfer form, substantially in the form endorsed on the Warrant Certificate. The signatures set out in the exercise form referred to in Section 3.1(1) and the signatures set out in the transfer form shall be guaranteed by a Canadian Schedule 1 chartered bank or a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program and the Warrantholder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing Warrant Shares unless or until such Warrantholder shall have paid to the Company or the Warrant Agent on behalf of the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid or that no tax is due.

(3) If, at the time of exercise of the Warrants, in accordance with the provisions of Section 3.1(1), there are any trading restrictions on the Warrant Shares pursuant to applicable Securities Laws or stock exchange requirements, the Company shall, on the advice of counsel, endorse any certificates representing the Warrant Shares to such effect. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company.

(4) A Beneficial Owner who desires to exercise his, her or its Uncertificated Warrants, must do so by causing a Participant to deliver to CDS (at its office in the City of Toronto, Ontario), on behalf of the Beneficial Owner at any time prior to the Time of Expiry, a written notice of the Beneficial Owner's intention to exercise Warrants (the **"Exercise Notice");** provided, that a Beneficial Owner holding Uncertificated Warrants that is in the United States or that is a U.S. Person will first request the withdrawal of the Uncertificated Warrant(s) from the Book-Entry Only System and request certificated Warrant(s) in exchange for such Uncertificated Warrant(s). Forthwith upon receipt by CDS of such notice, as well as payment for the Exercise Price, CDS shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (the **"Confirmation")** in a manner acceptable to the Warrant Agent, including by electronic means through the Book-Entry Only System, including CDSX. An electronic exercise of the Warrants initiated by the Beneficial Owner through a Book-Entry Only System, including CDSX, shall constitute a representation to both the Company and the Warrant Agent that the Beneficial Owner at the time of exercise of such Warrants (a) is not in the United States; (b) did not acquire the Warrants in the United States or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (c) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a person in the United States; and (d) did not execute or deliver the notice of the owner's intention to exercise such Warrants in the United States. If the Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the Book-Entry Only System, including CDSX, by the Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such Beneficial Owner or Participant and the exercise procedures set forth in Section 3.1(1) shall be followed. Payment representing the aggregate Exercise Price must be provided to the appropriate office of the Participant in a manner acceptable to it. A notice in form acceptable to the Participant and payment from such Beneficial Owner should be provided through the Book-Entry Only System sufficiently in advance so as to permit the Participant to deliver notice and payment to CDS and for CDS in turn to deliver notice and payment to the Warrant Agent prior to Time of Expiry. CDS will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to CDS through the Book- Entry Only System the Warrant Shares to which the exercising Beneficial Owner is entitled pursuant to the exercise. Any expense associated with the preparation and delivery of Exercise Notices will be for the account of the Beneficial Owner exercising the Warrants.

(5) By causing a Participant to deliver notice to CDS, a Warrantholder shall be deemed to have irrevocably surrendered his, her or its Warrants so exercised and appointed such Participant to act as his, her or its exclusive settlement agent with respect to the exercise and the receipt of Warrant Shares in connection with the obligations arising from such exercise.

(6) Any notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Participant to exercise or to give effect to the settlement thereof in accordance with the Beneficial Owner's instructions will not give rise to any obligations or liability on the part of the Company or Warrant Agent to the Participant or the Beneficial Owner.

(7) Any exercise referred to in this Section 3.1 shall require that the entire Exercise Price for the Warrant Shares subscribed for must be paid at the time of subscription and such Exercise Price and original Exercise Notice or exercise form executed by the Registered Warrantholder or the Confirmation from CDS must be received by the Warrant Agent prior to the Time of Expiry.

(8) Warrants may only be exercised pursuant to this Section 3.1 by or on behalf of a Warrantholder, as applicable, who makes the certifications set forth on the exercise form substantially in the form endorsed on the Warrant Certificate.

(9) If the exercise form set forth in the Warrant Certificate shall have been amended, the Company shall cause the amended exercise form to be forwarded to all registered Warrantholders.

(10) Exercise forms, Exercise Notices and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Time of Expiry. Any exercise form, Exercise Notice or Confirmation received by the Warrant Agent after business hours on any Business Day other than the Time of Expiry will be deemed to have been received by the Warrant Agent on the next following Business Day.

(11) Any Warrant with respect to which a Confirmation is not received by the Warrant Agent before the Time of Expiry shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.

3.2 No Fractional Shares

Under no circumstances shall the Company be obliged to issue any fractional Warrant Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Warrant Share, that holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Warrant Shares.

3.3 Effect of Exercise of Warrants

(1) Upon compliance by the Warrantholder with the provisions of Section 3.1, the Warrant Shares subscribed for shall be deemed to have been issued and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the Exercise Date unless the transfer registers of the Company for the Common Shares shall be closed on such date, in which case the Warrant Shares subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer registers are reopened.

(2) The Warrant Agent shall as soon as practicable account to the Company with respect to Warrants exercised, and shall as soon as practicable forward to the Company (or into an account or accounts of the Company with the bank or trust company designated by the Company for that purpose), all monies received by the Warrant Agent on the subscription of Warrant Shares through the exercise of Warrants. All such monies and any securities or other instruments, from time to time received by the Warrant Agent, shall be received in trust for the Warrantholders and the Company as their interests may appear and shall be segregated and kept apart by the Warrant Agent.

(3) Within five Business Days following the due exercise of a Warrant pursuant to Section 3.1, the Company shall cause the Transfer Agent to issue and the Warrant Agent to deliver, within such five Business Day period, to CDS through the Book-Entry Only System the Warrant Shares to which the exercising Warrantholder is entitled pursuant to the exercise or mail to the person in whose name the Warrant Shares so subscribed for are to be issued, as specified in the exercise form completed on the Warrant Certificate, at the address specified in such exercise form, a certificate or certificates for the Warrant Shares to which the Warrantholder is entitled or, if so specified in writing by the holder, cause to be delivered to such person or persons at the office of the Warrant Agent where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Warrant Shares subscribed for, or any other appropriate evidence of the issuance of Warrant Shares to such person or persons in respect of Warrant Shares issued under the Book-Entry Only System and, if applicable, shall cause the Warrant Agent to mail a Warrant Certificate representing any Warrants not then exercised.

3.4 Cancellation of Warrants

All Warrants surrendered to the Warrant Agent pursuant to sections 2.6, 2.8(2), 2.10 or 3.1 shall be cancelled by the Warrant Agent and the Warrant Agent shall record the cancellation of such Warrants on the register of holders maintained by the Warrant Agent pursuant to Section 2.8(1). The Warrant Agent shall, if required by the Company, furnish the Company with a certificate identifying the Warrants so cancelled. All Warrants that have been duly cancelled shall be without further force or effect whatsoever.

3.5 Subscription for less than Entitlement

The holder of any Warrant may subscribe for and purchase a whole number of Warrant Shares that is less than the number that the holder is entitled to purchase pursuant to a surrendered Warrant. In such event, the holder thereof shall be entitled to receive a new Warrant Certificate in respect of the balance of Warrants that were not then exercised, such new Warrant Certificate to contain the same legend as provided for in Section 2.20(2), if applicable.

3.6 Expiration of Warrant

After the Time of Expiry, all rights under any Warrant in respect of which the right of subscription and purchase herein and therein provided for shall not theretofore have been exercised shall wholly cease and terminate and such Warrant shall be void and of no effect.

3.7 Prohibition on Exercise by U.S. Persons; Exception

(1) Warrants may not be exercised within the United States or by or on behalf of, or for the account or benefit of, any U.S. Person or any person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Warrant Agent shall be entitled to rely upon the registered address of the Warrantholder as set forth in the Warrantholders register for the purchase of Units in determining whether the address is in the United States or the Warrantholder is a U.S.
Person.

(2) Any holder which exercises any Warrants shall provide to the Company either:

(a) a written certification that such holder (a) at the time of exercise of the Warrants is not in the United States; (b) is not a U.S. Person and is not exercising the Warrants on behalf of a U.S. Person or person in the United States; (c) did not execute or deliver the exercise form for the Warrants in the United States; and (d) has in all other aspects complied with the terms of an "offshore transaction" as defined under Regulation S (which written certification shall be deemed delivered by checking Box 1 in the Exercise Form attached to the Warrant, as provided for in Schedule “A” hereof); or

(b) a written certification that the holder (i) purchased the Warrants as part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Qualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder's QIB Letter remain true and correct on the Exercise Date (which written certification shall be deemed delivered by checking Box 2 in the Exercise Form attached to the Warrant, as provided for in Schedule "A" hereof); or

(c) a written opinion of counsel of recognized standing in form and substance satisfactory to the Company or evidence satisfactory to the Company to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available for the issuance of the Warrant Shares issuable on exercise of the Warrants.

(3) No Warrant Shares will be registered or delivered to an address in the United States unless the holder of Warrants complies with the requirements of paragraph (b) or (c) of Section 3.7(2).

ARTICLE 4 COVENANTS FOR WARRANTHOLDERS' BENEFIT

4.1 General Covenants of the Company

The Company represents, warrants and covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that:

(1) The Company will at all times, so long as any Warrants remain outstanding or issuable hereunder, maintain its existence, unless otherwise inconsistent with the fiduciary duties of the board of directors of the Company, and will keep or cause to be kept proper books of account in accordance with applicable law until the Time of Expiry.

(2) The Company is duly authorized to create and issue the Warrants to be issued hereunder and the Warrants, when Authenticated, will be legal, valid, binding and enforceable obligations of the Company.

(3) The Company will reserve and keep available a sufficient number of Warrant Shares for the purpose of enabling the Company to satisfy its obligations to issue Common Shares upon the exercise of the Warrants, and all Warrants Shares shall, when issued as provided herein, be valid and enforceable against the Company.

(4) The Company will cause the Warrant Shares from time to time subscribed for pursuant to the Warrants issued by the Company hereunder, in the manner herein provided, to be duly issued in accordance with the Warrants and the terms hereof.

(5) All Warrant Shares that shall be issued by the Company upon exercise of the rights provided for herein shall be issued as fully paid and non-assessable Common Shares of the Company.

(6) The Company will use commercially reasonable efforts to ensure that the Warrants, and the Common Shares outstanding on the date hereof and issuable from time to time on the exercise of the Warrants, continue to be or are listed and posted for trading on the CSE (or such other Canadian stock exchange acceptable to the Company), provided that this Section 4.1(6) shall not be construed as limiting or restricting the Company from completing a consolidation, amalgamation, arrangement, takeover bid, merger or other form of business combination that would result in the Warrants and/or the Common Shares ceasing to be listed and posted for trading on such exchanges, so long as the holders of Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the policies of such exchanges or the holders of Common Shares receive securities of an entity which is listed on a stock exchange in North America or cash.

(7) Except to the extent that the Company participates in a takeover bid, consolidation, merger, arrangement, amalgamation, or other form of business combination transaction, the Company will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) in each of the provinces of Canada and other Canadian jurisdictions in which it is currently or becomes a reporting issuer, make all requisite filings under applicable Securities Laws including those necessary to remain a reporting issuer not in default of the requirements of the applicable Securities Laws of such province or jurisdiction, until the Time of Expiry.

(8) The Company will perform and carry out all of the acts or things to be done by it as provided in this Indenture.

(9) The Company will not take any action or omit to take any action which would have the effect of preventing the Warrantholders from receiving any of the Warrant Shares issuable upon the exercise of the Warrants.

(10) The Company will promptly advise the Warrant Agent and the Warrantholders in writing of any breach or default under the terms of this Indenture no later than five (5) Business Days following the occurrence of such breach or default.

(11) If, in the opinion of counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from any securities regulatory authority, or any other step is required under any federal or provincial law of Canada before the Warrant Shares may be issued and delivered to a Warrantholder, the Company covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

4.2 Warrant Agent's Remuneration and Expenses

The Company covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed. Any amount owing hereunder and remaining unpaid after thirty (30) days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

4.3 Performance of Covenants by Warrant Agent

Subject to Section 8.7, if the Company shall fail to perform any of its covenants contained in this Indenture and the Company has not rectified such failure within twenty-five (25) Business Days after either giving notice of such default pursuant to Section 4.1(10) or receiving written notice from the Warrant Agent of such failure, the Warrant Agent may notify the Warrantholders of such failure on the part of the Company or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants. All reasonable sums expended or disbursed by the Warrant Agent in so doing shall be repayable as provided in Section 4.2. No such performance, expenditure or advance by the Warrant Agent shall be deemed to relieve the Company of any default hereunder or of its continuing obligations under the covenants herein contained.

4.4 Enforceability of Warrants

The Company covenants and agrees that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and Authenticated as herein provided, will be valid and enforceable against the Company in accordance with the provisions hereof and that, subject to the provisions of this Indenture, the Company will cause the Warrant Shares from time to time acquired upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

ARTICLE 5 ENFORCEMENT

5.1 Suits by Warrantholders

Subject to Section 6.10, all or any of the rights conferred upon a Warrantholder by the terms of the Warrants held by him and/or this Indenture may be enforced by such
Warrantholder by appropriate legal proceedings but without prejudice to the right that is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the holders of the Warrants from time to time outstanding. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

5.2 Limitation of Liability

The obligations hereunder (including without limitation under Section 8.7(5)) are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Company or any of the past, present or future officers, employees or agents of the Company, but only the property of the Company (or any successor person) shall be bound in respect hereof.

5.3 Waiver of Default

Upon the happening of any default hereunder:

(a) the Warrantholders of not less than 50% plus 1 of the Warrants then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

(b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, on the advice of counsel, if, in the Warrant Agent's opinion, based on the advice of counsel, the same shall have been cured or adequate provision made therefor,

provided that no delay or omission of the Warrant Agent or of the Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warrantholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 6 MEETINGS OF WARRANTHOLDERS

6.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Company or of a Warrantholders' Request, convene a meeting of the Warrantholders provided that the Warrant Agent has been provided with sufficient funds and is indemnified to its reasonable satisfaction by the Company or by the Warrantholders signing such Warrantholders' Request against the costs, charges, expenses and liabilities that may be incurred in connection with the calling and holding of such meeting. If within fifteen (15)
Business Days after the receipt of a written request of the Company or a Warrantholders' Request, funding and indemnity given as aforesaid the Warrant Agent fails to give the requisite notice specified in Section 6.2 to convene a meeting, the Company or such Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Warrant Agent.

6.2 Notice

At least fourteen (14) days prior notice of any meeting of Warrantholders shall be given to the Warrantholders at the expense of the Company in the manner provided for in Section 9.2 and a copy of such notice shall be delivered to the Warrant Agent unless the meeting has been called by it, and to the Company unless the meeting has been called by it. Such notice shall state the date, time and place of the meeting, the general nature of the business to be transacted and shall contain such information as is reasonably necessary to enable the Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 6. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or of the Company or the person designated by such Warrantholders, as the case may be.

6.3 Chairman

The Warrant Agent may nominate in writing an individual (who need not be a Warrantholder) to be chairman of the meeting and if no individual is so nominated, or if the individual so nominated is not present within fifteen (15) minutes after the time fixed for the holding of the meeting, the Warrantholders present in person or by proxy shall appoint an individual present to be chairman of the meeting. The chairman of the meeting need not be a Warrantholder.

6.4 Quorum

Subject to the provisions of Section 6.11, at any meeting of the Warrantholders a quorum shall consist of two Warrantholders present in person or represented by proxy and representing at least 20% of the aggregate number of Warrants then outstanding. If a quorum of the Warrantholders shall not be present within one-half hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place to the extent possible and, subject to the provisions of Section 6.11, no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting that might have been dealt with at the original meeting in accordance with the notice calling the same. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not represent at least 20% of the aggregate number of Warrants then unexercised and outstanding. No business shall be transacted at any meeting, except an adjourned meeting as described above, unless a quorum is present at the commencement of business.

6.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

6.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

6.7 Poll and Voting

On every extraordinary resolution, and when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy on any other question submitted to a meeting and after a vote by show of hands, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll. On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each whole Warrant then held by her. A proxy need not be a Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by her.

6.8 Regulations

Subject to the provisions of this Indenture, the Warrant Agent or the Company with the approval of the Warrant Agent may from time to time make and from time to time vary such regulations as it shall consider necessary or appropriate generally for the calling of meetings of Warrantholders and the conduct of business thereat including setting a record date for Warrantholders entitled to receive notice of or to vote at such meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 6.9), shall be Warrantholders or persons holding proxies of Warrantholders.

6.9 Company, Warrant Agent and Counsel may be Represented

The Company and the Warrant Agent, by their respective directors, officers and employees and the counsel for each of the Company, the Warrantholders and the Warrant Agent may attend any meeting of the Warrantholders and speak thereat but shall not be entitled to vote unless in their capacities as Warrantholders or proxies therefor.

6.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warrantholders at a meeting shall have the power, exercisable from time to time by extraordinary resolution:

(a) to agree with the Company to any modification, alteration, compromise or arrangement of the rights of Warrantholders and/or the Warrant Agent in its capacity as Warrant Agent hereunder (subject to the Warrant Agent's approval) or on behalf of the Warrantholders against the Company, whether such rights arise under this Indenture or the Warrants or otherwise;

(b) to amend, modify or repeal any extraordinary resolution previously passed or sanctioned by the Warrantholders;

(c) to direct or authorize the Warrant Agent (subject to the Warrant Agent receiving funding and indemnity) to enforce any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;

(d) to waive, authorize and direct the Warrant Agent to waive any default on the part of the Company in complying with any provisions of this Indenture or the Warrants either unconditionally or upon any conditions specified in such extraordinary resolution;

(e) to restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Company for the enforcement of any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders;

(f) to direct any Warrantholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with any such suit, action or proceeding, upon payment of the costs, charges and expenses reasonably and properly incurred by such Warrantholder in connection therewith;

(g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Company, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission; and

(h) with the consent of the Company, such consent not to be unreasonably withheld, to remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed.

6.11 Meaning of "Extraordinary Resolution

(1) The expression **"extraordinary resolution"** when used in this Indenture means, subject as hereinafter in this Section **6.11** and in Section **6.14** provided, a resolution proposed at a meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 6 at which there are present in person or by proxy at least two Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants and passed by the affirmative votes of Warrantholders representing not less than 66%% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution.

(2) If, at any meeting called for the purpose of passing an extraordinary resolution, Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy within one-half hour after the time appointed for the meeting, then the meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than ten (10) Business Days later, and to such place and time as may be appointed by the chairman. Not less than three (3) Business Days prior notice shall be given of the time and place of such adjourned meeting in the manner provided in sections 9.1 and 9.2. Such notice shall state that at the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 6.11(1) shall be an extraordinary resolution within the meaning of this Indenture notwithstanding that Warrantholders representing at least 20% of all the then outstanding Warrants are not present in person or represented by proxy at such adjourned meeting.

(3) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

6.12 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantholders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholders to exercise such powers or combination of powers then or thereafter from time to time.

6.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Warrantholders as aforesaid shall be made and duly entered in books to be provided for that purpose by the Warrant Agent at the expense of the Company and any minutes as aforesaid, if signed by the chairman of the meeting at which resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Warrantholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken, to have been
duly passed and taken.

6.14 Instruments in Writing

All actions that may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 6 may also be taken and exercised by Warrantholders representing a majority, or in the case of an extraordinary resolution at least 66%%, of the aggregate number of all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by attorney duly appointed in writing, and the expression "extraordinary resolution" when used in this Indenture shall include an instrument so signed.

6.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 6 at a meeting of Warrantholders shall be binding upon all the Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Warrantholders in accordance with Section 6.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing. In the case of an instrument in writing, the Warrant Agent shall give notice in the manner contemplated in sections 9.1 and 9.2 of the effect of the instrument in writing to all Warrantholders and the Company as soon as is reasonably practicable.

6.16 Holdings by the Company or Subsidiaries of the Company Disregarded

In determining whether Warrantholders are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Company or its Subsidiaries or in partnership of which the Company is directly or indirectly a party to shall be disregarded.

6.17 Common Shares or Warrants Owned by the Company or its Subsidiaries - Certificate to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Company in Section 6.16, the Company shall provide to the Warrant Agent, upon written request, a certificate of the Company setting forth as at the date of such certificate:

(a) the names (other than the name of the Company) of the Warrantholders which, to the knowledge of the Company, hold Warrants that are owned by or held for the account of the Company; and

(b) the number of Warrants owned legally or beneficially by the Company, and

the Warrant Agent, in making the computations in Section 6.16, shall be entitled to rely on such certificate without any additional evidence.

ARTICLE 7 SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES

7.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Company (if properly authorized by its directors) and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) providing for the issuance of additional Warrants hereunder including Warrants in excess of the number set out in Section 2.1 and any consequential amendments hereto as may be required by the Warrant Agent, relying on the advice of counsel;

(b) setting forth adjustments in the application of Article 2;

(c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel are necessary or advisable, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(d) giving effect to any extraordinary resolution passed as provided in Article 6;

(e) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(f) adding to or amending the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants and making any modification in the form of the Warrant Certificate that does not affect the substance thereof;

(g) amending any of the provisions of this Indenture or relieving the Company from any of the obligations, conditions or restrictions herein contained, provided that no such amendment or relief shall be or become operative or effective if, in the opinion of the Warrant Agent, relying on the advice of counsel, such amendment or relief impairs any of the rights of the Warrantholders as a group or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any supplemental indenture that in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative; and

(h) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors or omissions herein, provided that, in the opinion of the Warrant Agent, relying on the advice of counsel, the rights of the Warrant Agent and the Warrantholders as a group are in no way prejudiced thereby.

7.2 Successor Companies

In the case of the amalgamation, consolidation, arrangement, merger or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to or with another person (a **"successor company"),** the successor company resulting from the amalgamation, consolidation, arrangement, merger or transfer (if not the Company) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Company and the successor company shall by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, expressly assume those obligations.

ARTICLE 8 CONCERNING THE WARRANT AGENT

8.1 Indenture Legislation

(1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(2) The Company and the Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefit of Applicable Legislation.

8.2 Rights and Duties of Warrant Agent

(1) The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

(2) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from, or require any other person to indemnify the Warrant Agent against liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(3) The Warrant Agent shall not be bound to do or take any act, action or proceeding for the enforcement of any of the obligations of the Company under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding that the Warrant Agent is requested to take. The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and its counsel to protect and hold harmless the Warrant Agent, its officers, directors, employees, agents, successors and assigns against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(4) The Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts.

(5) Every provision of this Indenture that, by its terms, relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

(6) The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereunder unless and until it shall have been required to do so under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall specifically set out the default desired to be brought to the attention of the Warrant Agent and in the absence of such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has occurred or been made in the performance or observance of the representations, warranties and covenants, agreements or conditions herein contained. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

(7) In this Indenture, whenever confirmations or instructions are required to be given to the Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

8.3 Evidence, Experts and Advisers

(1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Company shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof and in such form as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Company.

(2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely absolutely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, written requests, consents, or orders of the Company, certificates of the Company or other evidence furnished to the Warrant Agent pursuant to any provision hereof or of Applicable Legislation or pursuant to a request of the Warrant Agent, provided that such evidence complies with Applicable Legislation and that the Warrant Agent complies with Applicable Legislation and that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture. The Warrant Agent shall be under no responsibility in respect of the validity of this Indenture or the execution and delivery hereof by or on behalf of the Company or in respect of the validity or the execution of any Warrant Certificate by the Company and issued hereunder, nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Indenture or in any such Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this Indenture and/or in any Warrant or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable.

(3) Whenever provided for in this Indenture or Applicable Legislation requires that the Company deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Company to have the Warrant Agent take the action to be based thereon.

(4) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by a certificate of a notary public or other person with similar powers that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(5) The Warrant Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties. The Warrant Agent has sole discretion and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter or other paper document received in facsimile or e-mail form.

(6) The WarrantAgent may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and shall pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any counsel and shall not be responsible for any misconduct or negligence on the part of any of them who has been selected with due care by the Warrant Agent. Any reasonable remuneration paid by the Warrant Agent shall be paid by the Company in accordance with Section 4.2.

(7) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Company or the Warrant Agent, in relation to any matter arising in fulfilling its duties and obligations hereof.

(8) The Warrant Agent may, as a condition precedent to any action to be taken by it under this Indenture, require such opinions, statutory declarations, reports, certificates or other evidence as it, acting reasonably, considers necessary or advisable in the circumstances.

(9) The Warrant Agent is not required to expend or place its own funds at risk in executing its duties and obligations.

8.4 Securities, Documents and Monies Held by Warrant Agent

(1) Any securities, documents of title, monies or other instruments that may at any time be held by the Warrant Agent subject to the duties and obligations hereof, for the benefit of the Company, may be placed in the deposit vaults of the Warrant Agent or of any Schedule 1 Canadian chartered bank under the *Bank Act* (Canada) or deposited for safekeeping with any such bank or the Warrant Agent. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held, invested and reinvested in "Permitted Investments" as directed in writing by the Company. "Permitted Investments" shall be treasury bills guaranteed by the Government of Canada having a term to maturity not to exceed ninety (90) days, or term deposits or bankers' acceptances of a Canadian chartered bank having a term to maturity not to exceed ninety (90) days, or such other investments that is in accordance with the Warrant Agent's standard type of investments. Unless otherwise specifically provided herein, all interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Company and shall be paid to the Company upon discharge of this Indenture.

(2) Any written direction for the investment or release of funds received shall be received by the Warrant Agent by 9:00 a.m. (Calgary time) on the Business Day on which such investment or release is to be made, failing which such direction will be handled on a commercially reasonable efforts basis and may result in funds being invested or released on the next Business Day.

(3) The Warrant Agent shall have no responsibility or liability for any diminution of any funds resulting from any investment made in accordance with this Indenture, including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.

(4) In the event that the Warrant Agent does not receive a direction or only a partial direction, the Warrant Agent may hold cash balances constituting part or all of such monies and may, but need not, invest same in its deposit department, the deposit department of one of its affiliates, or the deposit department of a Canadian chartered bank; but the Warrant Agent, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

8.5 Actions by Warrant Agent to Protect Interests

The Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders pursuant to the provisions of this Indenture.

8.6 Warrant Agent not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the duties and obligations of this Indenture or otherwise.

8.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to warrant agents, it is expressly declared and agreed as follows:

(1) The Warrant Agent shall not be liable for or by reason of any representations, statements of fact or recitals in this Indenture or in the Warrants (except the representation contained in Section 8.9 or in the Authentication of the Warrant Agent on the Warrants) or be required to verify the same and all such statements of fact or recitals are and shall be deemed to be made by the Company.

(2) Nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

(3) The Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof.

(4) The Warrant Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the covenants or warranties herein contained or of any acts of any directors, officers, employees, agents or servants of the Company.

(5) Without limiting any protection or indemnity of the Warrant Agent under any other provision hereof, or otherwise at law, the Company hereby agrees to indemnify and hold harmless the Warrant Agent and its affiliates, directors, officers, agents and employees, successors and assigns (the **"Indemnified Parties")** from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, proceedings, charges, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements on a solicitor and client basis, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising from the performance of its duties hereunder, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that Warrant Agent may provide in connection with or in any way relating to this Indenture. The Company agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Company shall not be required to indemnify the Indemnified Parties in the event of the gross negligence, fraud or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture.

(6) Notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Company to the Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Warrant Agent receiving the first notice of the claim; provided that this limitation shall not apply in respect of any gross negligence, fraud or wilful misconduct of the Warrant Agent. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

(7) If any of the funds provided to the Warrant Agent hereunder are received by it in the form of an uncertified cheque or bank draft, the Warrant Agent shall delay the release of such funds and the related Warrant Shares until such uncertified cheque has cleared the financial institution upon which the same is drawn.

(8) The forwarding of a cheque or the sending of funds by wire transfer by the Warrant Agent will satisfy and discharge the liability of any amounts due to the extent of the sum represented thereby unless such cheque is not honoured on presentation, provided that in the event of the non-receipt of such cheque by the payee, or the loss or destruction thereof, the Warrant Agent, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, will issue to such payee a replacement cheque for the amount of such cheque.

(9) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgement, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgement, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on ten (10) days' written notice to the Company provided: (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such ten (10) day period, then such resignation shall not be effective.

8.8 Replacement of Warrant Agent

(1) The Warrant Agent may resign its appointment and be discharged from all further duties and liabilities hereunder by giving to the Company not less than sixty (60) days prior notice in writing or such shorter prior notice as the Company may accept as sufficient. The Warrantholders by extraordinary resolution shall have the power at any time to remove the existing Warrant Agent and to appoint a new warrant agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Company shall forthwith appoint a new warrant agent unless a new warrant agent has already been appointed by the Warrantholders; failing such appointment by the Company, the retiring Warrant Agent or any Warrantholder may apply to a justice of the Ontario Superior Court of Justice (the "Court") at the Company's expense, on such notice as such justice may direct, for the appointment of a new warrant agent; but any new warrant agent so appointed by the Company or by the Court shall be subject to removal as aforesaid by the Warrantholders. Any new warrant agent appointed under any provision of this Section 8.8 shall be a corporation authorized to carry on the business of a transfer agent or a trust company in one or more provinces of Canada and, if required by Applicable Legislation of any province, in such province. On any such appointment the new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent without any further assurance, conveyance, act or deed; but there shall be immediately executed, at the expense of the Company, all such conveyances or other instruments as may, in the opinion of counsel, be necessary or advisable for the purpose of assuring the same to the new warrant agent, provided that any resignation or removal of the Warrant Agent and appointment of a successor warrant agent shall not become effective until the successor warrant agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Company, the predecessor Warrant Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor warrant agent an appropriate instrument transferring to such successor warrant agent all rights and powers of the Warrant Agent hereunder and all securities, documents of title and other instruments and all monies and properties held by the Warrant Agent hereunder.

(2) Upon the appointment of a successor warrant agent, the Company shall promptly notify the Warrantholders thereof in the manner provided for in Section 9.2.

(3) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation succeeding to the corporate trust business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without any further act on its part or of any of the parties hereto, provided that such corporation would be eligible for appointment as a new warrant agent under Section 8.8(1).

(4) Any Warrants Authenticated or certified but not delivered by a predecessor Warrant Agent may be Authenticated or certified by the new or successor warrant agent in the name of the predecessor or the new or successor warrant agent.

8.9 Conflict of Interest

(1) The Warrant Agent represents to the Company, to the best of its knowledge, that at the time of execution and delivery hereof no material conflict of interest exists which it is aware of in the Warrant Agent's role hereunder and agrees that in the event of a material conflict of interest arising which it becomes aware of hereafter it will, within ninety (90) days after ascertaining that it has such a material conflict of interest, either eliminate the same or resign its appointment hereunder. If any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrants shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to Section 8.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Company and generally may contract and enter into financial transactions with the Company or any Subsidiary without being liable to account for any profit made thereby.

8.10 Acceptance of Duties and Obligations

The Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become holders of Warrants from time to time issued under this Indenture.

8.11 Warrant Agent not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Company or any Subsidiary or any partnership of which the Company is directly or indirectly involved.

8.12 Authorization to Carry on Business

The Warrant Agent represents to the Company that it is registered to carry on business under Applicable Legislation in the provinces of Alberta and British Columbia.

ARTICLE 9 GENERAL

9.1 Notice to the Company and the Warrant Agent

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Company or the Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by email to the following addresses or facsimile numbers:

(a) If to the Company, to:

Planet 13 Holdings Inc.
2548 West Desert Inn Road
Las Vegas, Nevada
89109

Attention: Leighton Koehler
E-mail: [REDACTED]

with a copy to:

Wildeboer Dellelce LLP
396 Bay Street, Suite 80
Toronto, ON
M5H 2V1

Attention: Charlie Malone
E-mail: [REDACTED]

(b) If to the Warrant Agent, to:

Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

Attention: Dan Sander
Email: [REDACTED]

and any notice given in accordance with the foregoing shall be deemed to have been received on the date of delivery if that date is a Business Day (and if that date is not a Business Day, on the next Business Day) or, if mailed, on the fifth Business Day following the date of the postmark on such notice or, if transmitted by email, on the Business Day following the transmission.

(2) The Company or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in Section 9.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Company or the Warrant Agent, as the case may be, for all purposes of this Indenture.

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Company hereunder could reasonably be considered unlikely to reach its destination, the notice shall be valid and effective only if it is delivered to an officer of the party to which it is addressed or if it is delivered to that party at the appropriate address provided in Section 9.1(1) by facsimile or other means of prepaid, transmitted or recorded communication and any notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery to the officer or if delivered by facsimile or other means of prepaid, transmitted, recorded communication on the third Business Day following the date of the sending of the notice by the person giving the notice.

9.2 Notice to the Warrantholders

(1) Any notice to the Warrantholders under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail or, if delivered by hand, to the holders at their addresses appearing in the register of holders. Any notice so delivered shall be deemed to have been received on the date of delivery if that date is a Business Day or the Business Day following the date of delivery if such date is not a Business Day or on the third Business Day if delivered by mail. All notices may be given to whichever one of the Warrantholders (if more than one) is named first in the appropriate register hereinbefore mentioned, and any notice so given shall be sufficient notice to all Warrantholders and any other persons (if any) interested in such Warrants. Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder will not invalidate any action or proceeding founded thereon.

(2) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders could reasonably be considered unlikely to reach its destination, the notice may be given in a news release disseminated through a newswire service, filed on SEDAR and posted on the Company's website; provided that in the case of a notice convening a meeting of the holders of Warrants, the Warrant Agent may require such additional publications of that notice, in Toronto, Ontario or in other cities or both, as it may deem necessary for the reasonable notification of the holders of Warrants or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required.

9.3 Privacy

The Company acknowledges that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(a) to provide the services required under this Indenture and other services that may be requested from time to time;

(b) to help the Warrant Agent manage its servicing relationships with such individuals;

(c) to meet the Warrant Agent's legal and regulatory requirements; and

(d) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

The Company acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Warrant Agent shall make available on its website or upon request, including revisions thereto. Some of this personal information may be transferred to servicers in the United States for data processing and/or storage. Further, the Company agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless the Company has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

9.4 Third Party Interests

The Company represents to the Warrant Agent that any account to be opened by, or interest to held by the Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent prescribed form as to the particulars of such third party.

9.5 Securities Exchange Commission Certification

The Company confirms that as at the date of this Indenture it does not have a class of securities registered pursuant to section 12 of the U.S. Securities and Exchange Act of 1934, as amended (the **"Exchange Act")** or have a reporting obligation pursuant to section 15(d) of the Exchange Act.

The Company covenants that in the event that (i) any class of its securities shall become registered pursuant to section 12 of the Exchange Act or the Company shall incur a reporting obligation pursuant to section 15(d) of the Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Company in accordance with the Exchange Act, the Company shall promptly deliver to the Warrant Agent an Officer's Certificate (in a form provided by the Warrant Agent) notifying the Warrant Agent of such registration or termination and such other information as the Warrant Agent may reasonably require at the time. The Company acknowledges that the Warrant Agent is relying upon the foregoing representation and covenants in order to meet certain United States Securities and Exchange Commission **("SEC")** obligations with respect to those clients who are filing with the SEC.

9.6 Discretion of Directors

Any matter provided herein to be determined by the directors in their sole discretion and determination so made will be conclusive.

9.7 Satisfaction and Discharge of Indenture

Upon the earlier of the Time of Expiry or the date by which there shall have been delivered to the Warrant Agent for exercise or destruction in accordance with the provisions hereof all Warrants theretofore Authenticated or certified hereunder and by which no Warrants shall remain issuable hereunder, this Indenture, except to the extent that Warrant Shares and any certificates therefor have not been issued and delivered hereunder or the Company has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Company, and the Warrant Agent, on written demand of and at the cost and expense of the Company, and upon delivery to the Warrant Agent of a certificate of the Company stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Warrant Agent of the expenses, fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided that if the Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Company's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Company against the Warrant Agent.

9.8 Provisions of Indenture and Warrants for the Sole Benefit of Parties andWarrantholders

Nothing in this Indenture or the Warrant Certificates, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

9.9 Indenture to Prevail

To the extent of any discrepancy or inconsistency between the terms and conditions of this Indenture and the Warrant Certificate, the terms of this Indenture will prevail.

9.10 Assignment

This Indenture nor any benefits or burdens under this Indenture shall be assignable by the Company or the Warrant Agent without the prior written consent of the other party, such consent not to be unreasonably withheld. Subject to the foregoing, this Indenture shall enure to the benefit of and be binding upon the Company and the Warrant Agent and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

9.11 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

9.12 Force Maieure

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this section.

9.13 Rights of Rescission and Withdrawal for Holders

Should a holder of Warrants exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, and the holder's funds which were paid on exercise have already been released to the Company by the Warrant Agent, the Warrant Agent shall not be responsible for ensuring the exercise is cancelled and a refund is paid back to the holder. In such cases, the holder shall seek a refund directly from the Company and subsequently, the Company, upon surrender to the Company or the Warrant Agent of any underlying Warrant Shares or other securities that may have been issued, or such other procedure as agreed to by the parties hereto, shall instruct the Warrant Agent in writing to cancel the exercise transaction and any such underlying Warrant Shares or other securities on the register that may have already been issued upon the Warrant exercise. In the event that any payment is received from the Company by virtue of the holder being a shareholder for such Warrants that were subsequently rescinded, such payment must be returned to the Company by such holder. The Warrant Agent shall not be under any duty or obligation to take any steps to ensure or enforce the return of the funds pursuant to this section, nor shall the Warrant Agent be in any other way responsible in the event that any payment is not delivered or received pursuant to this section. Notwithstanding the foregoing, in the event that the Company provides the refund to the Warrant Agent for distribution to the holder, the Warrant Agent shall return such funds to the holder as soon as reasonably practicable, and in so doing, the Warrant Agent shall incur no liability with respect to the delivery or non-delivery of any such funds.

9.14 Counterparts and Formal Date

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Indenture.

(Signature page follows)

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

PLANET 13 HOLDINGS INC.

By: /s/ Dennis Logan
Dennis Logan
Chief Financial Officer

ODYSSEY TRUST COMPANY

By: /s/ Dan Sander
Dan Sander
VP, Corporate Trust

By: /s/ Amy Douglas
Amy Douglas
Director, Corporate Trust

SCHEDULE"A"

[For Warrants issued in the United States or to, or for the account or benefit of, U.S. Persons, also include the following legends:]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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.

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

FORM OF WARRANT CERTIFICATE

WARRANTS TO PURCHASE COMMON SHARES
OF PLANET 13 HOLDINGS INC.
(a company existing under the laws of British Columbia)

CUSIP No. 72706K150 ISIN
No. CA72706K1509

Warrant Certificate Number: ●

Representing ● Warrants to
purchase Common Shares (as defined below)

THIS CERTIFIES that, for value received, the registered holder hereof, ● (the **"holder")** is entitled at any time at or before the Expiry Time (as defined below) to acquire, subject to adjustment in certain events, the number of Common Shares **("Common Shares")** of Planet 13 Holdings Inc. (the **"Company")** specified above, as presently constituted, by surrendering to Odyssey Trust Company (the **"Warrant Agent")** at its principal office in Calgary, Alberta, this Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Warrant Certificate, and accompanied by payment of $5.80 per Common Share (the **"Warrant Exercise Price")** by certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Company at par at the above-mentioned office of the Warrant Agent. The holder of this Warrant Certificate may purchase less than the number of Common Shares which he is entitled to purchase on the exercise of the Warrants represented by this Warrant Certificate, in which event a new Warrant Certificate representing the Warrants not then exercised will be issued to the holder.

The Warrants evidenced under this Warrant Certificate are exercisable on or before 5:00 p.m. (Toronto time) (the **"Expiry Time")** on November 5, 2022 (the **"Expiry Date").** After the Expiry Time, Warrants evidenced hereby shall be deemed to be void and of no further force or effect.

This Warrant Certificate represents Warrants of the Company issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the **"Warrant Indenture")** dated as of November 5, 2020, between the Company and the Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Warrants and the Company and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Warrant Indenture. A copy of the Warrant Indenture can be requested by contacting the Warrant Agent. **In the event of any conflict between the provisions contained in this Warrant Certificate and the provisions of the Warrant Indenture, the provisions of the Warrant Indenture shall prevail.**

Upon acceptance hereof, the holder hereof hereby expressly waives the right to receive any fractional Common Shares upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. The Warrants represented by this Warrant Certificate shall be deemed to have been surrendered, and payment by certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its office in the City of Calgary, Alberta.

Upon due exercise of the Warrants represented by this Warrant Certificate and payment of the Warrant Exercise Price, the Company shall cause to be issued to the person(s) in whose name(s) the Common Shares have been so subscribed for, the number of Common Shares to be issued to such person(s) (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program), and the holder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing the Common Shares unless or until the holder shall have paid the Company or the Warrant Agent the amount of such tax (or shall have satisfied the Company that such tax has been paid or that no tax is due), and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise, and upon due surrender of this Warrant Certificate, the Transfer Agent shall issue a certificate(s) representing such Common Shares to be issued within five Business Days after the exercise of the Warrants (or portion thereof) represented hereby.

Neither the Warrants represented by this Warrant Certificate nor the Common Shares issuable upon exercise hereof have been or will be registered under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"),** or any state securities laws. The Warrants represented by this Warrant Certificate may not be exercised within the United States or by, or for the account or benefit of, a U.S. person or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available. Certificates representing Common Shares issued in the United States or to, or for the account or benefit of, U.S. persons will bear a legend restricting the transfer and exercise of such securities under applicable United States federal and state securities laws. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Common Shares issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent. Subject to the provisions of the Warrant Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrants Certificates entitling the holder thereof to acquire an equal aggregate number of Common Shares subject to adjustment as provided for in the Warrant Indenture. The Company and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Warrant Indenture expressly provided.

The Warrant Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Warrant Exercise Price in certain events therein set forth.

The Warrant Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by the holders entitled to acquire upon the exercise of the Warrants a specified percentage of the Common Shares.

The Warrants and the Warrant Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Warrant Indenture.

The Company may from time to time at any time prior to the Expiry Time purchase any of the Warrants by private agreement or otherwise.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Warrant Indenture.

All dollar amounts herein are expressed in the lawful money of Canada.

(Signature page follows)

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be signed by its duly authorized officer as of this _____ day of _____, 20

PLANET 13 HOLDINGS INC.

By: _____
Authorized Signing Officer

Countersigned this _____ day

of _____, 20

ODYSSEY TRUST COMPANY

By: _____
Authorized Signing Officer

EXERCISE FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta T2P 3C4

The undersigned holder of the within Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for Common Shares of Planet 13 Holdings Inc. (the **"Company")** at the Warrant Exercise Price referred to in the attached Warrant Certificate on the terms and conditions set forth in such certificate and the Warrant Indenture and encloses herewith a certified cheque, bank draft or money order payable at par in the City of Calgary, in the Province of Alberta to the order of the Company in payment in full of the subscription price of the Common Shares hereby subscribed for.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the warrant indenture between the Company and Odyssey Trust Company dated November 5, 2020.

(Please check the **ONE** box applicable):

☐ 1. The undersigned certifies that it (i) is not in the United States and is not a "U.S. person", within the meaning of Regulation S under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"),** (ii) is not exercising this Warrant for the account or benefit of any U.S. Person or person in the United States, (iii) did not execute or deliver this Exercise Form within the United States and (iv) has in all other aspects complied with the terms of Regulation S under the U.S. Securities Act.

☐ 2. The undersigned certifies that it (i) purchased the Warrants as a part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Oualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder's GIB Letter remain true and correct on the Exercise Date.

☐ 3. The undersigned is delivering a written opinion of United States legal counsel or evidence satisfactory to the Company to the effect that the Warrant and the Common Shares to be delivered upon exercise hereof have been registered under the U.S. Securities Actor are exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

It is understood that the Company may require evidence to verify the foregoing representations.

The undersigned hereby directs that the said Common Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF COMMON SHARES

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the Transfer Form must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to Odyssey Trust Company, c/o Corporate Trust.

DATED this day of

)

)

))

Witness) (Signature of Warrantholder, to be the same as

) appears on the face of this Warrant Certificate)

)

Name of Registered Warrantholder

[ ] Please check this box if the securities are to be delivered at the office where these Warrants are surrendered, failing which the securities will be mailed.

NOTES:

1. Certificates will not be registered or delivered to an address in the United States unless Box 2 or Box 3 above is checked.

2. If Box 3 above is checked, holders are encouraged to contact the Company in advance to determine that the legal opinion or evidence tendered in connection with exercise will be satisfactory in form and substance to the Company.

TRANSFER FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust
Company Suite 1230, 300
5th Avenue SW Calgary,
Alberta T2P 3C4

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

---

(Transferee)

(Address)

(Social Insurance Number)

_____ of the Warrants registered in the name of the undersigned transferor represented by the Warrant Certificate.

In the case of a Warrant Certificate that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

☐ (A) the transfer is being made only to the Company; or

☐ (B) the transfer is being made outside the United States in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and in compliance with any applicable local securities laws and regulations and the holder has provided herewith the Declaration for Removal of Legend attached as Schedule "B" to the Warrant Indenture; or

☐ (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, and in either case in accordance with applicable state securities laws; or

☐ (D) the transfer is being made within the United States or to, or for the account or benefit of, U.S. persons, in accordance with a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws and the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

In the case of a transfer in accordance with (C)(i) or (D) above, the Company and the Warrant Agent shall first have received an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to such effect.

In the case of a Warrant Certificate that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a U.S. person or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

"United States" and "U.S. Person" are as defined by Regulation S under the U.S. Securities Act.

In the case of a Warrant Certificate that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a U.S. person or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect. "United States" and "U.S. Person" are as defined by Regulation S under the U.S. Securities Act.

DATED this day of , .

SPACE FOR GUARANTEES) OF SIGNATURES (BELOW

) Signature of Transferor

Guarantor's Signature/Stamp) Name of Transferor

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

☐ **Gift** ☐ **Estate** ☐ **Private Sale** ☐ **Other (or no change in ownership)**

Date of Event (Date of gift, death or sale):

Value per Warrant on the date of event:

☐ **CAD OR** ☐

USD
NOTES:

1. The signature to this transfer must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.

2. Warrants shall only be transferable in accordance with the warrant indenture between Planet 13 Holdings Inc. and Odyssey Trust Company dated November 5, 2020 (the **"Warrant Indenture"),**applicable laws and the rules and policies of any applicable stock exchange. Without limiting the foregoing, if the Warrant Certificate bears a legend restricting the transfer of the Warrants except pursuant to an exemption from registration under the U.S. Securities Act, and applicable state securities laws, this Transfer Form must be accompanied by a properly completed and executed declaration for removal of legend in the form attached as 0 to the Warrant Indenture.

CERTAIN REQUIREMENTS RELATING TO TRANSFERS - READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.

- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.

- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

REASON FOR TRANSFER - FOR US RESIDENTS ONLY

Consistent with US IRS regulations, Odyssey Trust Company is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

SCHEDULE“B”

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust
Company Suite 1230, 300
5th Avenue SW Calgary,
Alberta T2P 3C4

The undersigned (a) acknowledges that the sale of the securities of Planet 13 Holdings Inc. (the **"Company")** to which this declaration relates is being made in reliance on Rule 904 of Regulation S **("Regulation S")** under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act")** and (b) certifies that (1) it is not an affiliate of the Company (as defined in Rule 405 under the U.S. Securities Act), (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 believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Canadian Securities Exchange 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 any of 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 such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the sale was 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.

Dated: By: _____

Name:

Title:

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 Company 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.

Name of Firm

By: _____

Authorized officer

Date: _____

Exhibit 4.4

PLANET 13 HOLDINGS INC.

- and -
ODYSSEY TRUST COMPANY

WARRANT INDENTURE

Providing for the Issue of
up to 4,930,625 Common Share Purchase Warrants

February 2, 2021

TABLE OF CONTENTS

THIS WARRANT INDENTURE dated as of February 2, 2021

BETWEEN:

PLANET 13 HOLDINGS INC.,
a company existing under the laws of British Columbia

(the "Company")

AND

ODYSSEY TRUST COMPANY,
a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia

(the "Warrant Agent")

RECITALS

WHEREAS:

A. In connection with the public offering by the Company of up to **9,861,250** Units (as defined below) pursuant to a short form prospectus dated January **25, 2021** (the **"Offering"),** the Company proposes to issue and sell to the public up to **4,930,625** Warrants (as defined below), of which **4,287,500** Warrants will be issuable as a part of the base Offering and up to **643,125** Warrants will be issuable upon the due exercise of the Over-Allotment Option (as defined below);

B. Each Warrant entitles the holder thereof to purchase, subject to adjustment in certain events, one Warrant Share (as defined below) at a price of **$9.00** at any time prior to **5:00** p.m. (Toronto time) on February **2, 2023;**

C. For such purpose the Company deems it necessary to create and issue Warrants and Warrant Certificates (as defined below) to be constituted and issued in the manner hereinafter set forth;

D. The Company is duly authorized to create and issue the Warrants to be issued as herein provided;

E. All things necessary have been done and performed to make the Warrants, when Authenticated (as defined below) or certified by the Warrant Agent and issued as provided in this Indenture, legal, valid and binding upon the Company with the benefits of and subject to the terms of this Indenture;

F. The foregoing recitals are made as statements of fact by the Company and not by the Warrant Agent; and

G. The Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this Indenture from time to time;

NOW THEREFORE THIS INDENTURE WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture, unless there is something in the subject matter or context inconsistent therewith:

"Applicable Legislation" means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of issuers and warrant agents under warrant indentures as are from time to time in force and applicable to this Indenture;

"Authenticated" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Company and authenticated by manual signature of an authorized officer of the Warrant Agent, and (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.4 are entered in the register of Warrantholders, **"Authenticate", "Authenticating"** and **"Authentication"** have the appropriate correlative meanings;

"Beneficial Owner" means a person that has a beneficial interest in a Warrant;

"Book-Entry Only System" means the book-based securities system administered by CDS in accordance with its operating rules and procedures in force from time to time;

"Business Day" means a day that is not a Saturday, Sunday, or a day on which banks are closed or which is a civic or statutory holiday in the City of Toronto, Ontario or Calgary, Alberta;

"Capital Reorganization" has the meaning ascribed to that term in Section 2.13(4);

"CDS" means CDS Clearing and Depository Services Inc. and its successors in interest;

"CDSX" means the CDS settlement and clearing system for equity and debt securities in Canada;

"Closing Date" means February 2, 2021 or such other date as agreed to by the Company and the Underwriters;

"Common Share Reorganization" has the meaning ascribed to that term in Section **2.13(1);**

"Common Shares" means the common shares in the capital of the Company;

"Company" means Planet 13 Holdings Inc., a corporation existing under the laws of British Columbia, and its lawful successors from time to time;

"Company's Auditors" means the chartered (professional) accountant or firm of chartered
(professional) accountants duly appointed as auditor or auditors of the Company from time to time, including prior auditors of the Company, as applicable;

"Confirmation" has the meaning ascribed that term in Section 3.1(4);

"counsel" means a barrister and solicitor or lawyer or a firm of barristers and solicitors or lawyers, in both cases acceptable to the Warrant Agent;

"CSE" means the Canadian Securities Exchange;

"Current Market Price" means, at any date, the volume weighted average price per share at which the Common Shares have traded:

(a) on the CSE;

(b) if the Common Shares are not listed on the CSE, on any stock exchange upon which the Common Shares are listed, as may be selected for this purpose by the board of directors of the Company, acting reasonably; or

(c) if the Common Shares are not listed on any stock exchange, on any over-the- counter market on which the Common Shares are trading, as may be selected for this purpose by the board of directors of the Company, acting reasonably;

during the 20 consecutive trading days (on each of which at least 500 Common Share are traded in board lots) ending the second trading day before such date; provided that the volume weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 20 consecutive trading days by the number of Common Shares so sold on said exchange or market or, if not traded on any recognized exchange or market, as determined by the directors of the Company, acting reasonably;

"director" means a member of the board of directors of the Company for the time being, and unless otherwise specified herein, reference to **"action by the board of directors"** means action by the board of directors of the Company as a board or, whenever duly empowered, action by a committee of the board;

"Dividend Paid in the Ordinary Course" means dividends paid in any financial year of the Company, whether in (i) cash, (ii) shares of the Company, (iii) warrants or similar rights to purchase any shares of the Company or property or other assets of the Company provided that the value of such dividends per outstanding Common Share does not in such financial year exceed in aggregate 5% of the Exercise Price;

"Exchange Basis" means, at any time, the number of Warrant Shares or other classes of shares or securities or property which a Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 2 hereof, such number being equal to one Warrant Share per Warrant as of the date hereof;

"Exercise Date" with respect to any Warrant means the date on which such Warrant is duly surrendered for exercise in accordance with the provisions of Article 3 hereof;

"Exercise Notice" has the meaning ascribed that term in Section 3.1(4);

"Exercise Price" means $9.00 for each Warrant Share, subject to adjustment in accordance with the provisions of Article 2 hereof;

“Expiry Date” means February 2, 2023;

"extraordinary resolution" has the meaning ascribed to that term in sections 6.12 and 6.15;

"Internal Procedures" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent;

"Offering" has the meaning ascribed thereto in Recital A of this Indenture;

“Original U.S. Purchaser” means a Qualified Institutional Buyer who purchased Warrants as part of the Offering;

"Over-Allotment Option" means the option granted by the Company to the Underwriters, which may be exercised in the Underwriters' sole discretion and without obligation, to purchase up to an additional 1,286,250 Units, including up to 1,286,250 Unit Shares and up to 643,125 Warrants, for the purpose of covering over-allotments made in connection with the Offering and for market stabilization purposes, and which is exercisable for any combination of additional Units, additional Unit Shares and/or additional Warrants, from and including thirty (30) days following the Closing Date;

"Participant" means a person recognized by CDS as a participant in the Book-Entry Only System;

"person" means an individual, a corporation, a limited liability company, a partnership, a syndicate, a trustee or any unincorporated organization and words importing persons are intended to have a similarly extended meaning;

“Price” means the Exercise Price;

“Qualified Institutional Buyer” means a “qualified institutional buyer” as such term is defined in Rule 144A under the U.S. Securities Act;

"QIB Letter" means the Qualified Institutional Buyer Letter signed by the Original U.S. Purchaser;

"Regulation S" means Regulation S as promulgated under the U.S. Securities Act;

"Rights Offering" has the meaning ascribed to that term in Section 2.13(2);

"Rights Offering Price" has the meaning ascribed to that term in Section 2.14(8);

"Securities Laws" means, collectively, the applicable securities laws and regulations of each of the provinces of Canada, except Quebec, the United States and each of the states of the United States, together with all respective regulations made and forms prescribed thereunder,
published rules, policy statements, notices, orders and rulings of the securities commissions or similar regulatory authorities thereto, as applicable, including the rules and policies of the CSE;

"shareholder" means an owner of record of one or more Common Shares or shares of any other class or series of the Company;

"Special Distribution" has the meaning ascribed to that term in Section 2.13(3);

"Subsidiary" means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Company or by one or more subsidiaries of the Company and, as used in this definition, "voting shares" means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

"successor company" has the meaning ascribed to that term in Section 7.2;

"this Indenture", "herein", "hereby" and similar expressions mean or refer to this Common Share purchase warrant indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions **"Article", "section",** or **"paragraph"** followed by a number or letter mean and refer to the specified Article, section, or paragraph of this Indenture;

"Time of Expiry" means 5:00 p.m. (Toronto time) on the Expiry Date;

"trading day" means a day on which the CSE (or such other exchange on which the Common Shares are listed) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;

"transaction instruction" means a written order signed by the holder or CDS, entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Warrant Agent, requesting one or more such actions to be taken in respect of an Uncertificated Warrant;

"Transfer Agent" means the transfer agent or agents for the time being for the Common Shares;

"U.S. Person" means a U.S. person as that term is defined under Regulation S;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended;

"Uncertificated Warrant" means any Warrant which is issued under the Book-Entry Only System or any Warrant which is not a certificated Warrant;

"Underwriters" means collectively Canaccord Genuity Corp. and Beacon Securities Limited;

"Unit Share" means a Common Share comprising part of each Unit;

"United States" means the United States as that term is defined in Regulation S;

"Units" means the units of the Company, each Unit being comprised of one Unit Share and one-half Warrant;

"Warrant Agent" means Odyssey Trust Company, a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia or any lawful successor thereto including through the operation of Section 8.8;

"Warrant Certificates" means the certificates representing Warrants substantially in the form attached as Schedule "A" hereto or such other form as may be approved by the Company and the Warrant Agent;

"Warrant Shares" means the Common Shares or, as a result of any adjustment to the subscription rights pursuant to Article 2 hereof, other securities or property issuable upon the exercise of the Warrants;

"Warrantholders" or **"holders"** means the persons whose names are entered for the time being in the register maintained pursuant to Section 2.8;

'Warrantholders' Request" means an instrument, signed in one or more counterparts by Warrantholders representing, in the aggregate, at least 20% of the aggregate number of Warrants then outstanding, which requests the Warrant Agent to take some action or proceeding specified therein;

"Warrants" means the Common Share purchase warrants of the Company issued and Authenticated hereunder as Uncertificated Warrants or to be issued and countersigned in the form of Warrant Certificates, in either case, entitling the holders thereof to purchase Warrant Shares on the basis of one Warrant Share for each Warrant upon payment of the Exercise Price prior to the Time of Expiry; provided that in each case the number and/or class of securities or property receivable on the exercise of the Warrants may be subject to increase or decrease or change in accordance with the terms and provisions hereof; and

"written direction of the Company", "written request of the Company", "written consent of the Company", "Officer's Certificate" and **"certificate of the Company"** and any other document required to be signed by the Company, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Company by any officer or director and may consist of one or more instruments so executed.

1.2 Words Importing the Singular

Unless elsewhere otherwise expressly provided, or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 Interpretation not Affected by Headings

The division of this Indenture into Articles, sections, and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

1.4 Day not a Business Day

If any day on or before which any action is required or permitted to be taken hereunder is not a Business Day, then such action shall be required or permitted to be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence in all respects of this Indenture and the Warrants issued hereunder.

1.6 Governing Law

This Indenture and the Warrants issued hereunder shall be construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

1.7 Meaning of "outstanding" for Certain Purposes

Every Warrant Authenticated or certified by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation, exercised pursuant to Section 3.1 or until the Time of Expiry; provided that where a new Warrant Certificate has been issued pursuant to Section 2.6 to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding.

1.8 Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian dollars.

1.9 Termination

This Indenture shall continue in full force and effect until the earlier of: (a) the Time of Expiry; and (b) provided that no Warrants remain issuable pursuant to the terms of this Indenture, the date that no Warrants are outstanding hereunder; provided that this Indenture shall continue in effect thereafter, if applicable, until the Company and the Warrant Agent have fulfilled all of their respective obligations under this Indenture.

ARTICLE 2 ISSUE OF WARRANTS

2.1 Issue of Warrants

Subject to adjustment in accordance with the provisions hereof, the Company creates and authorizes the issuance of up to 4,930,625 Warrants entitling the registered holders thereof to acquire an aggregate of up to 4,930,625 Warrant Shares, all of which are hereby created and authorized to be issued hereunder at the Exercise Price upon the terms and conditions as set forth herein. Uncertificated Warrants shall be Authenticated by the Warrant Agent and deposited in CDS and Warrant Certificates evidencing the Warrants shall be executed by the Company, certified by or on behalf of the Warrant Agent and delivered by the Warrant Agent in accordance with a written direction of the Company, all in accordance with sections 2.3 and 2.4. Subject to adjustment in accordance with the provisions of this Indenture,
each of the Warrants issued hereunder shall entitle the holder thereof to receive from the Company, at the Exercise Price, the number of Warrant Shares equal to the Exchange Basis in effect on the Exercise Date.

2.2 Form and Terms of Warrants

(1) The Warrants may be issued in either certificated or uncertificated form. The Warrant Certificates shall be substantially in the form attached as Schedule "A" hereto, subject to the provisions of this Indenture, with such additions, variations and changes as may be required or permitted by the terms of this Indenture, and to give effect to any Warrants not being issued as Uncertificated Warrants, and which may from time to time be agreed upon by the Warrant Agent and the Company, and shall have such legends, distinguishing letters and numbers as the Company may, with the approval of the Warrant Agent, prescribe. Except as hereinafter provided in this Article 2, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Company may determine. No change in the form of the Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities or property that may be acquired pursuant to the Warrants. All Warrants issued to CDS may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.8.

(2) Each Warrant authorized to be issued hereunder shall entitle the registered holder thereof to acquire (subject to sections 2.13, 2.14 and 2.15) upon due exercise and upon the transaction instruction or due execution of the exercise form endorsed on the Warrant Certificate, as applicable, or other instrument of exercise in such form as the Warrant Agent and/or the Company may from time to time prescribe and upon payment of the Exercise Price, one Warrant Share or such other kind and amount of shares or securities or property, calculated pursuant to the provisions of sections 2.13 and 2.14, as the case may be, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this Indenture.

(3) Fractional Warrants shall not be issued or otherwise provided for. If any fraction of a Warrant would otherwise be issuable and result in a fraction of a Warrant Share being issuable, any such fractional Warrant so issued shall be rounded down to the nearest whole Warrant without compensation therefor.

2.3 Signing of Warrant Certificates

Warrant Certificates shall be signed by any one of the directors or officers of the Company and may, but need not be under the corporate seal of the Company or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile or other electronic format and Warrant Certificates bearing such facsimile or other electronic format signatures shall be binding upon the Company as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or electronic signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate Authenticated or signed as aforesaid shall, subject to Section 2.4, be valid and binding upon the Company and the registered holder thereof will be entitled to the benefits of this Indenture.

2.4 Authentication by the Warrant Agent

(1) No Warrant shall be issued or, if issued, shall be valid for any purpose or entitle the registered holder to the benefit hereof or thereof until it has been Authenticated by or on behalf of the Warrant Agent, as applicable, and such Authentication by the Warrant Agent shall be conclusive evidence as against the Company that the Warrant so Authenticated has been duly issued hereunder and the holder is entitled to the benefits hereof.

(2) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise) by completing its Internal Procedures and the Company shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time, the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Company.

(3) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to acquire Warrant Shares, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.

(4) No Warrant Certificate shall be considered issued or shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by or on behalf of the Warrant Agent substantially in the form of the Warrant Certificate set out in Schedule "A" hereto. Such Authentication on any such Warrant Certificate shall be conclusive evidence that such Warrant Certificate is duly Authenticated and is valid and a binding obligation of the Company and that the holder is entitled to the benefits of this Indenture.

(5) The Authentication or certification of the Warrant Agent on the Warrants issued hereunder, including by way of entry on the register, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due Authentication and certification thereof) or as to the performance by the Company of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

2.5 Warrantholder not a Shareholder, etc.

Nothing in this Indenture or the holding of a Warrant shall be construed as conferring upon a Warrantholder any right or interest whatsoever as a shareholder, including but not limited to the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Company, nor entitle the holder to any right or interest in respect thereof except as herein and in the Warrants expressly provided.

2.6 Issue in Substitution for Lost Warrant Certificates

(1) If any Warrant Certificates issued and certified under this Indenture shall become mutilated or be lost, destroyed or stolen, the Company, subject to applicable law, and Section 2.6(2), shall issue and thereupon the Warrant Agent shall certify and deliver a new Warrant Certificate of like denomination, date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be substantially in the form set out in Schedule "A" hereto and Warrants evidenced by it will entitle the holder thereof to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to this Section shall bear the reasonable cost of the issue thereof and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated Warrant Certificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Company and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Company and to the Warrant Agent in their sole discretion, acting reasonably, and such applicant may be required to furnish an indemnity and surety bond in amount and form satisfactory to the Company and the Warrant Agent in their sole discretion, acting reasonably, and shall pay the reasonable charges of the Company and the Warrant Agent in connection therewith.

2.7 Warrants to Rank Pari Passu

All Warrants shall rank *pari passu* with all other Warrants, whatever may be the actual date of issue of the Warrants.

2.8 Registration and Transfer of Warrants

(1) The Warrant Agent will create and keep at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta:

(a) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them and the Warrant Agent shall be entitled to rely on such register in connection with the exchange, transfer, exercise or deemed exercise of any Warrant(s) pursuant to the terms of this Indenture or the terms thereof; and

(b) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(2) No transfer of any Warrant will be valid unless entered on the register of transfers referred to in Section 2.8(1), upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, and a duly completed and executed transfer form endorsed on the Warrant Certificate or in the case of Uncertificated Warrants a duly executed transaction instruction from the holder (or such other instructions, in form satisfactory to the Warrant Agent) executed by the registered holder or his executors, administrators or other legal representatives or his attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent, if applicable, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe and all applicable securities requirements of regulatory authorities, such transfer will be recorded on the register of transfers by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee a Warrant Certificate, or in the case of an Uncertificated Warrant, the Warrant Agent shall Authenticate and deliver a Warrant Certificate upon request that part of the Uncertificated Warrant be certificated. Transfers within the systems of CDS are not the responsibility of the Warrant Agent and will not be noted on the register maintained by the Warrant Agent.

(3) The transferee of any Warrant will, after surrender to the Warrant Agent of the Warrant as required by Section 2.8(2) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the register of holders referred to in Section 2.8(1) as the owner of such Warrant free from all equities or rights of setoff or counterclaim between the Company and the transferor or any previous holder of such Warrant, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

(4) The Company will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in Section 2.8(1), if such transfer would constitute a violation of the Securities Laws of any applicable jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with applicable Securities Laws.

(5) Any Warrant issued to a transferee upon transfers contemplated by this section 2.8 shall bear the appropriate legend as set forth in Section 2.20(2), if applicable.

(6) If a Warrant tendered for transfer bears the legend set forth in Section 2.20(2), the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant and complies with the requirements of the said Section 2.20(2).

(7) Warrants, in certificated form, bearing the legend set forth in Section 2.20(2) shall not be offered, sold, pledged or otherwise transferred, directly or indirectly, except (A) to the Company; (B) outside the United States in compliance with Rule 904 of Regulation S, if available, and in compliance with applicable local laws and regulations; (C) pursuant to an exemption from registration under the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, if available, and in compliance with applicable U.S. state securities laws; (D) in compliance with another exemption from registration under the U.S. Securities Act and applicable state securities laws; or (E) under an effective registration statement under the U.S. Securities Act, provided that in the case of transfers pursuant to (C)(i) or (D) above, a legal opinion or other evidence, reasonably satisfactory to the Company, must first be provided to the Company and the Warrant Agent to the effect that such transfer is exempt from registration under the U.S. Securities Act and applicable state securities laws..

(8) The Warrant Agent shall give notice to the Company of the transfer made by a Warrantholder pursuant to Section 2.8(7) and the Company shall provide written authorization to proceed with the transfer before such transfer is made effective by the issuance of the Warrant.

2.9 Registers Open for Inspection

The registers referred to in Section 2.8(1) shall be open at all reasonable times during business hours on a Business Day for inspection by the Company or any Warrantholder. The Warrant Agent shall, from time to time when requested to do so in writing by the Company, furnish the Company with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Warrant Agent and showing the number of Warrants held by each such holder.

2.10 Exchange of Warrants

(1) Warrants may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrants in any other authorized denomination representing in the aggregate an equal number of Warrants as the number of Warrants represented by the Warrants being exchanged. The Company shall sign and the Warrant Agent shall Authenticate or certify, in accordance with sections 2.3 and 2.4, all Warrants necessary to carry out the exchanges contemplated herein.

(2) Warrants may be exchanged only at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta or at any other place that is designated by the Company with the approval of the Warrant Agent. Any Warrants tendered for exchange shall be surrendered to the Warrant Agent and cancelled.

(3) Except as otherwise herein provided, the Warrant Agent may charge Warrantholders requesting an exchange a reasonable sum for each Warrant Certificate issued; and payment of such charges and reimbursement of the Warrant Agent or the Company for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange as a condition precedent to such exchange.

2.11 Ownership of Warrants

The Company and the Warrant Agent and their respective agents may deem and treat the registered holder of any Warrant as the absolute owner of the Warrant represented thereby for all purposes and the Company and the Warrant Agent and their respective agents shall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Warrant shall be entitled to the rights evidenced by that Warrant free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction and all persons may act accordingly and the receipt by any holder of the Warrant Shares or monies obtainable pursuant to the exercise of the Warrant shall be a good discharge to the Company and the Warrant Agent for the same and neither the Company nor the Warrant Agent shall be bound to inquire into the title of any holder.

2.12 Uncertificated Warrants

(1) Registration and re-registration of beneficial interests in and transfers of Warrants held by CDS shall be made only through the Book-Entry Only System and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by CDS, as determined by the Company, from time to time. Except as provided in this Section 2.12, owners of beneficial interests in any Uncertificated Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register referred to in Section 2.8 herein. Notwithstanding any terms set out herein, Warrants subject to the restrictions and any legend set forth in Section 2.20 herein and held in the name of CDS may only be held in the form of Uncertificated Warrants with the prior consent of the Company and CDS.

(2) If any Warrant is issued in uncertificated form and any of the following events occurs:

(a) CDS or the Company has notified the Warrant Agent that (A) CDS is unwilling or unable to continue as depository or (B) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Company is unable to locate a qualified successor depository within ninety (90) days of delivery of such notice;

(b) the Company has determined, in its sole discretion, acting reasonably, to terminate the Book-Entry Only System in respect of such Uncertificated Warrants and has communicated such determination to the Warrant Agent in writing;

(c) the Company or CDS is required by applicable law to take the action contemplated in this section;

(d) there is an exercise of Warrants pursuant to 3.1(4) and the Warrantholder is unable to make the representations in 3.1(4) (a), (b),

(c) and (d) thereto; or

(e) the Book-Entry Only System administered by CDS ceases to exist,

then one or more definitive fully registered Warrant Certificates shall be executed by the Company and certified and delivered by the Warrant Agent to CDS in exchange for the Uncertificated Warrants held by CDS. The Company shall provide an Officer's Certificate giving notice to the Warrant Agent of the occurrence of any event outlined in this Section 2.12(2).

Fully registered Warrant Certificates issued and exchanged pursuant to this section shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Uncertificated Warrants so exchanged. Upon exchange of Uncertificated Warrants for one or more Warrant Certificates in definitive form, such Uncertificated Warrants shall be cancelled by the Warrant Agent.

(3) Subject to the provisions of this Section 2.12, any exchange of Warrants for Warrants which are not Uncertificated Warrants may be made in whole or in part in accordance with the provisions of Section 2.10, *mutatis mutandis*. All such Warrants issued in exchange for Uncertificated Warrants or any portion thereof shall be registered in such names as CDS for such Uncertificated Warrants shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to Uncertificated Warrants) as the Uncertificated Warrants or portion thereof surrendered upon such exchange.

(4) Every Warrant Authenticated upon registration of transfer of Uncertificated Warrants, or in exchange for or in lieu of Uncertificated Warrants or any portion thereof, whether pursuant to this Section 2.12, or otherwise, shall be Authenticated in the form of, and shall be, an Uncertificated Warrant, unless such Warrant is registered in the name of a person other than CDS for such Uncertificated Warrant or a nominee thereof.

(5) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the Warrants to be issued to CDS or a nominee thereof will be issued as an Uncertificated Warrant, unless otherwise requested in writing by CDS or the Company.

(6) The rights of Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System shall be limited to those established by applicable law and agreements between CDS and the Participants and between such Participants and the Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System, and such rights must be exercised through a Participant in accordance with the rules and procedures of CDS.

(7) Notwithstanding anything herein to the contrary, neither the Company nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(a) the electronic records maintained by CDS relating to any ownership interests or any other interests in the Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by an electronic position in the Book-Entry Only System (other than CDS or its nominee);

(b) maintaining, supervising or reviewing any records of CDS or any Participant relating to any such interest; or

(c) any advice or representation made or given by CDS or those contained herein that relate to the rules and regulations of CDS or any action to be taken by CDS on its own direction or at the direction of any Participant.

(8) The Company may terminate the application of this Section 2.12 in its sole discretion, acting reasonably, in which case all Warrants shall be evidenced by Warrant Certificates registered in the name(s) of a person other than CDS.

2.13 Adjustment of Exchange Basis

Subject to Section 2.14, the Exchange Basis shall be subject to adjustment from time to time in the events and in the manner provided as follows:

(1) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall:

(a) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants); or

(b) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares; or

(c) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these paragraphs (a), (b) or (c) being called a **"Common Share Reorganization"),** then the Exchange Basis in effect on the effective date of such subdivision or consolidation, or on the record date of such stock dividend or other distribution, as the case may be, shall be adjusted by multiplying the Exchange Basis in effect immediately prior to such effective or record date by a fraction:

(a) the numerator of which shall be the total number of Common Shares outstanding on such date immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date, assuming in any case where such securities are not then convertible or exchangeable but subsequently become so, that they were convertible or exchangeable on the record date on the basis upon which they first become convertible or exchangeable), and

(b) the denominator of which shall be the total number of Common Shares outstanding on such date before giving effect to such Common Share Reorganization.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. To the extent that any adjustment in the Exchange Basis occurs pursuant to this Section 2.13(1) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares and the Common Share Reorganization does not occur or any conversion or exchange rights are not fully exercised, the Exchange Basis shall be readjusted immediately after the expiry of any relevant exchange or conversion right or the termination of the Common Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Common Shares actually issued and remaining issuable pursuant to the Common Share Reorganization after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(2) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of rights, options or warrants entitling them, for a period expiring not more than forty-five (45) days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price on such record date (any of such events being called a **"Rights Offering"),** then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of all of the rights, options or warrants under the Rights Offering and assuming the exchange for or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, options or warrants, if any), and

(b) the denominator of which shall be the aggregate of:

(i) the total number of Common Shares outstanding as of the record date for the Rights Offering, and

(ii) a number of Common Shares determined by dividing

(A) the amount equal to the aggregate consideration payable on the exercise of all of the rights, options and warrants under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, options or warrants (assuming the exercise of all rights, options and warrants under the Rights Offering and assuming the exchange or conversion of all exchangeable or convertible securities issued upon exercise of such rights, options and warrants);

by

(B) the Current Market Price as of the record date for the Rights Offering.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership in which the Company is directly or indirectly a party to will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Common Shares, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Common Shares.

(3) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the issuance or distribution to all or substantially all the holders of its outstanding Common Shares of:

(a) shares of the Company of any class other than Common Shares; or

(b) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares; or

(c) evidences of indebtedness; or

(d) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a **"Special Distribution"),** the Exchange Basis shall be adjusted effective immediately after such record date for the Special Distribution by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, and

(b) the denominator of which shall be:

(A) the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less

(B) the fair market value, as determined by action by the board of directors acting reasonably and in good faith (whose determination, absent manifest error, shall be conclusive), to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or securities, property or other assets issued or distributed in the Special Distribution provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership of which the Company is directly or indirectly a party, will be deemed not to be outstanding for the purpose of any such computation.

(4) If and whenever, at any time after the date hereof and prior to the Time of Expiry, there shall be a reclassification of the Common Shares at any time outstanding or change or exchange of the Common Shares into or for other shares or into or for other securities or property (other than a Common Share Reorganization), or a consolidation, amalgamation, arrangement or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change or exchange of the Common Shares into or for other shares, securities or property), or a transfer (other than to a Subsidiary) of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a **"Capital Reorganization"),** any Warrantholder who thereafter shall exercise his right to receive Warrant Shares pursuant to Warrant(s) shall be entitled to receive, and shall accept in lieu of the number of Warrant Shares to which such holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Warrant Shares to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions in this Indenture with respect to the rights and interests thereafter of Warrantholders to the end that the provisions in this Indenture shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors of the Company and by the Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(5) Any adjustment to the Exchange Basis as set forth herein shall also include a corresponding adjustment to the Price which shall be calculated by multiplying the Price by a fraction: (a) the numerator of which shall be the Exchange Basis prior to the adjustment, and (b) the denominator of which shall be the Exchange Basis after the adjustment.

2.14 Rules Regarding Calculation of Adjustment of Exchange Basis

For the purposes of Section 2.13:

(1) The adjustments provided for in Section 2.13 shall be cumulative and such adjustments shall be made successively whenever an event referred to in Section 2.13 shall occur, subject to the following subsections of this Section 2.14.

(2) No adjustment in the: (a) Exchange Basis shall be required unless such adjustment would result in a change of at least 0.01 of a Warrant Share based on the prevailing Exchange Basis; or (b) the Price shall be required unless such adjustment would result in a change of at least 1% of the Price, provided that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

(3) No adjustment in the Exchange Basis or the Price shall be made in respect of any event described in Section 2.13, other than the events referred to in paragraphs (b) and (c) of subsection (1) thereof, if Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis,* as if Warrantholders had exercised their Warrants prior to or on the effective date or record date of such event, any such participation being subject to regulatory approval.

(4) No adjustment in the Exchange Basis or the Price shall be made pursuant to Section 2.13 in respect of (i) the issue from time to time of Warrant Shares purchasable on exercise of the Warrants and any such issue shall be deemed not to be a Common Share Reorganization; (ii) a Dividend Paid in the Ordinary Course; or (iii) a distribution of Common
Shares pursuant to the exercise of stock options granted under stock option plans of the Company.

(5) If a dispute shall at any time arise with respect to adjustments provided for in Section 2.13, such dispute shall, absent manifest error, be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Company, the Warrant Agent and the Warrantholders.

(6) If the Company shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(7) In the absence of a resolution of the directors fixing a record date for a Rights Offering or Special Distribution, the Company shall be deemed to have fixed as the record date therefor the date on which the Rights Offering or Special Distribution is effected.

(8) If the purchase price provided for in any Rights Offering (the **"Rights Offering Price")** is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to Section 2.13(2) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of Section 2.13.

(9) As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exchange Basis, the Company shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Company have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(10) In case the Company, after the date hereof, shall take any action affecting any Common Shares, other than action described in Section 2.13, which in the opinion of the directors acting reasonably and in good faith would materially affect the rights of Warrantholders, the Exchange Basis shall be adjusted in such manner, if any, and at such time, as the directors, in their sole discretion acting reasonably and in good faith, may determine to be equitable in the circumstances. Failure of the taking of any action by the directors so as to provide for an adjustment in the Exchange Basis prior to the effective date of any action by the Company affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.

(11) The Warrant Agent shall be entitled to act and rely on any adjustment calculations by the Company or the Company's Auditors.

2.15 Postponement of Subscription

In any case where the application of Section 2.13 results in an increase in the number of Common Shares that are issuable upon exercise of the Warrants taking effect immediately after the record date for a specific event, if any Warrant is exercised after that record date and prior to completion of such specific event, the Company may postpone the issuance to the Warrantholder of the Warrant Shares to which he is entitled by reason of such adjustment, but such Warrant Shares shall be so issued and delivered to that holder upon completion of that event, with the number of such Warrant Shares calculated on the basis of the number of Warrant Shares on the date that the Warrant was exercised, adjusted for completion of that event and the Company shall deliver to the person or persons in whose name or names the Warrant Shares are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Warrant Shares and the right to receive any dividends or other distributions which, but for the provisions of this Section 2.15, such person or persons would have been entitled to receive in respect of such Warrant Shares from and after the date that the Warrant was exercised in respect thereof.

2.16 Notice of Adjustment

(1) At least fourteen (14) days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to Section 2.13, the Company shall:

(a) file with the Warrant Agent a certificate of the Company specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based; and

(b) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(2) In case any adjustment for which a notice in Section 2.16(1) has been given is not then determinable, the Company shall promptly after such adjustment is determinable:

(a) file with the Warrant Agent a computation of such adjustment; and

(b) give notice to the Warrantholders of the adjustment.

(3) The Warrant Agent may and shall be protected in so doing, absent manifest error, act and rely upon certificates of the Company and other documents filed by the Company pursuant to this Section 2.16 for all purposes of the adjustment.

2.17 No Action after Notice

The Company covenants with the Warrant Agent that it will not close its books nor take any other corporate action which might deprive a Warrantholder of the opportunity of exercising
the rights of acquisition pursuant thereto during the period of ten (10) days after the giving of the notice set forth in paragraph (b) of Sections 2.16(1) and (2).

2.18 Purchase of Warrants for Cancellation

The Company may, at any time and from time to time, purchase Warrants by invitation to tender, by private contract, on any stock exchange (if then listed) or otherwise (which shall include a purchase through an investment dealer or firm holding membership on a Canadian stock exchange) on such terms as the Company may determine. All Warrants purchased pursuant to the provisions of this Section 2.18 shall be forthwith delivered to and cancelled by the Warrant Agent and shall not be reissued. If required by the Company, the Warrant Agent shall furnish the Company with a certificate as to such destruction.

2.19 Protection of Warrant Agent

The Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any registered holder of Warrants to determine whether any facts exist that may require any adjustment contemplated by this Article 2, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;

(b) be accountable with respect to the validity or value or the kind or amount of any Warrant Shares or of any other securities or property that may at any time be issued or delivered upon the exercise of the Warrants;

(c) be responsible for any failure of the Company to make any cash payment, to issue, transfer or deliver Warrant Shares or certificates upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in Section 2.13; or

(d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the representations, warranties or covenants of the Company or any acts or deeds of the agents or servants of the Company.

2.20 U.S. Legend on Warrant Certificates and Warrant Share certificates

(1) The Warrant Agent understands and acknowledges that the Warrants and the Warrant Shares issuable upon exercise of the Warrants have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States.

(2) Each Warrant, in certificated form, originally issued in the United States or, to or for the account or benefit of, a U.S. Person, and all Warrant Shares issued upon exercise of such Warrants, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY *[for Warrants, add:* AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY *[for Warrants, add:* AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF] MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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."

[for Warrants, include: "THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS ORAN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."]

provided that, if the Warrants or Warrant Shares issuable upon exercise of the Warrants are being sold in accordance with Rule 904 of Regulation S, the legend may be removed by providing to the Warrant Agent or the Transfer Agent, as the case may be, (i) a declaration in the form attached hereto as Schedule "B" (or as the Company may prescribe from time to time in order to address changes in applicable laws) and (ii) if required by the Transfer Agent, an opinion of counsel, of recognized standing reasonably satisfactory to the Company, or other evidence reasonably satisfactory to the Company, that the proposed transfer may be effected without registration under the U.S. Securities Act.

provided further, that if the Warrants or Warrant Shares are being sold pursuant to Rule 144 under the U.S. Securities Act, if available, the legend may be removed by delivering to the Company and the Warrant Agent or the Transfer Agent, as the case may be, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

(3) Each Warrant, in certificated form, issued outside the United States to a non- U.S. Person, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."

(4) If a Warrant or Warrant Share issued with respect to an exercise of Warrants is tendered for transfer and bears the legend set forth in Section 2.20(2) herein and the holder thereof has not obtained the prior written consent of the Company, the Warrant Agent or the Transfer Agent, as the case may be, shall not register such transfer unless the holder complies with the requirements of the said Section 2.20(2) hereof.

ARTICLE 3 EXERCISE OF WARRANTS

3.1 Method of Exercise of Warrants

(1) The registered holder of any Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Warrant Shares to which such Warrant entitles the holder, by surrendering the Warrant Certificate representing such Warrants to the Warrant Agent at any time prior to the Time of Expiry at its principal stock transfer offices in the City of Calgary, Alberta (or at such additional place or places as may be decided by the Company from time to time with the approval of the Warrant Agent), with a duly completed and executed exercise form of the registered holder or his executors, administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, substantially in the form endorsed on the Warrant Certificate specifying the number of Warrant Shares subscribed for together with a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Company in an amount equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for. A Warrant Certificate with the duly completed and executed exercise form and payment of the Exercise Price shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent.

(2) Any exercise form referred to in Section 3.1(1) shall be signed by the Warrantholder, or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, but such exercise form need not be executed by CDS. Such exercise form shall specify the person(s) in whose name such Warrant Shares are to be issued, the address(es) of such person(s) and the number of Warrant Shares to be issued to each person, if more than one is so specified. If any of the Warrant Shares subscribed for are to be issued to person(s) other than the Warrantholder, the Warrantholder shall also complete the transfer form, substantially in the form endorsed on the Warrant Certificate. The signatures set out in the exercise form referred to in Section 3.1(1) and the signatures set out in the transfer form shall be guaranteed by a Canadian Schedule 1 chartered bank or a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program and the Warrantholder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing Warrant Shares unless or until such Warrantholder shall have paid to the Company or the Warrant Agent on behalf of the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid or that no tax is due.

(3) If, at the time of exercise of the Warrants, in accordance with the provisions of Section 3.1(1), there are any trading restrictions on the Warrant Shares pursuant to applicable Securities Laws or stock exchange requirements, the Company shall, on the advice of counsel, endorse any certificates representing the Warrant Shares to such effect. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company.

(4) A Beneficial Owner who desires to exercise his, her or its Uncertificated Warrants, must do so by causing a Participant to deliver to CDS (at its office in the City of Toronto, Ontario), on behalf of the Beneficial Owner at any time prior to the Time of Expiry, a written notice of the Beneficial Owner's intention to exercise Warrants (the **"Exercise Notice");** provided, that a Beneficial Owner holding Uncertificated Warrants that is in the United States or that is a U.S. Person will first request the withdrawal of the Uncertificated Warrant(s) from the Book-Entry Only System and request certificated Warrant(s) in exchange for such Uncertificated Warrant(s). Forthwith upon receipt by CDS of such notice, as well as payment for the Exercise Price, CDS shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (the **"Confirmation")** in a manner acceptable to the Warrant Agent, including by electronic means through the Book-Entry Only System, including CDSX. An electronic exercise of the Warrants initiated by the Beneficial Owner through a Book-Entry Only System, including CDSX, shall constitute a representation to both the Company and the Warrant Agent that the Beneficial Owner at the time of exercise of such Warrants (a) is not in the United States; (b) did not acquire the Warrants in the United States or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (c) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a person in the United States; and (d) did not execute or deliver the notice of the owner's intention to exercise such Warrants in the United States. If the Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the Book-Entry Only System, including CDSX, by the Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such Beneficial Owner or Participant and the exercise procedures set forth in Section 3.1(1) shall be followed. Payment representing the aggregate Exercise Price must be provided to the appropriate office of the Participant in a manner acceptable to it. A notice in form acceptable to the Participant and payment from such Beneficial Owner should be provided through the Book-Entry Only System sufficiently in advance so as to permit the Participant to deliver notice and payment to CDS and for CDS in turn to deliver notice and payment to the Warrant Agent prior to Time of Expiry. CDS will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to CDS through the Book- Entry Only System the Warrant Shares to which the exercising Beneficial Owner is entitled pursuant to the exercise. Any expense associated with the preparation and delivery of Exercise Notices will be for the account of the Beneficial Owner exercising the Warrants.

(5) By causing a Participant to deliver notice to CDS, a Warrantholder shall be deemed to have irrevocably surrendered his, her or its Warrants so exercised and appointed such Participant to act as his, her or its exclusive settlement agent with respect to the exercise and the receipt of Warrant Shares in connection with the obligations arising from such exercise.

(6) Any notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Participant to exercise or to give effect to the settlement thereof in accordance with the Beneficial Owner's instructions will not give rise to any obligations or liability on the part of the Company or Warrant Agent to the Participant or the Beneficial Owner.

(7) All Warrants in certificated form, including Warrants required to be withdrawn from the Book-Entry Only System, including CDSX pursuant to Section 3.4(4), may not be exercised unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws, and any holder which exercises any Warrants shall provide to the Company either:

(a) a written certification that such holder (a) at the time of exercise of the Warrants is not in the United States; (b) is not a U.S. Person and is not exercising the Warrants on behalf of a U.S. Person or person in the United States; (c) did not execute or deliver the exercise form for the Warrants in the United States; and (d) has in all other aspects complied with the terms of an "offshore transaction" as defined under Regulation S (which written certification shall be deemed delivered by checking Box 1 in the Exercise Form attached to the Warrant, as provided for in Schedule “A” hereof); or

(b) a written certification that the holder (i) purchased the Warrants as part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Qualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder’s QIB Letter remain true and correct on the Exercise Date (which written certification shall be deemed delivered by checking Box 2 in the Exercise Form attached to the Warrant, as provided for in Schedule “A” hereof); or

(c) a written opinion of counsel of recognized standing in form and substance satisfactory to the Company or evidence satisfactory to the Company to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available for the issuance of the Warrant Shares issuable on exercise of the Warrants.

(8) No Warrant Shares will be registered or delivered to an address in the United States unless the holder of Warrants complies with the requirements of paragraph (b) or (c) of Section 3.1(7).

(9) Any exercise referred to in this Section 3.1 shall require that the entire Exercise Price for the Warrant Shares subscribed for must be paid at the time of subscription and such Exercise Price and original Exercise Notice or exercise form executed by the Registered Warrantholder or the Confirmation from CDS must be received by the Warrant Agent prior to the Time of Expiry.

(10) Warrants may only be exercised pursuant to this Section 3.1 by or on behalf of a Warrantholder, as applicable, who makes the certifications set forth on the exercise form substantially in the form endorsed on the Warrant Certificate.

(11) If the exercise form set forth in the Warrant Certificate shall have been amended, the Company shall cause the amended exercise form to be forwarded to all registered Warrantholders.

(12) Exercise forms, Exercise Notices and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Time of Expiry. Any exercise form, Exercise Notice or Confirmation received by the Warrant Agent after business hours on any Business Day other than the Time of Expiry will be deemed to have been received by the Warrant Agent on the next following Business Day.

(13) Any Warrant with respect to which a Confirmation is not received by the Warrant Agent before the Time of Expiry shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.

3.2 No Fractional Shares

Under no circumstances shall the Company be obliged to issue any fractional Warrant Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Warrant Share, that holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Warrant Shares.

3.3 Effect of Exercise of Warrants

(1) Upon compliance by the Warrantholder with the provisions of Section 3.1, the Warrant Shares subscribed for shall be deemed to have been issued and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the Exercise Date unless the transfer registers of the Company for
the Common Shares shall be closed on such date, in which case the Warrant Shares subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer registers are reopened.

(2) The Warrant Agent shall as soon as practicable account to the Company with respect to Warrants exercised, and shall as soon as practicable forward to the Company (or into an account or accounts of the Company with the bank or trust company designated by the Company for that purpose), all monies received by the Warrant Agent on the subscription of Warrant Shares through the exercise of Warrants. All such monies and any securities or other instruments, from time to time received by the Warrant Agent, shall be received in trust for the Warrantholders and the Company as their interests may appear and shall be segregated and kept apart by the Warrant Agent.

(3) Within five Business Days following the due exercise of a Warrant pursuant to Section 3.1, the Company shall cause the Transfer Agent to issue and the Warrant Agent to deliver, within such five Business Day period, to CDS through the Book-Entry Only System the Warrant Shares to which the exercising Warrantholder is entitled pursuant to the exercise or mail to the person in whose name the Warrant Shares so subscribed for are to be issued, as specified in the exercise form completed on the Warrant Certificate, at the address specified in such exercise form, a certificate or certificates for the Warrant Shares to which the Warrantholder is entitled or, if so specified in writing by the holder, cause to be delivered to such person or persons at the office of the Warrant Agent where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Warrant Shares subscribed for, or any other appropriate evidence of the issuance of Warrant Shares to such person or persons in respect of Warrant Shares issued under the Book-Entry Only System and, if applicable, shall cause the Warrant Agent to mail a Warrant Certificate representing any Warrants not then exercised.

3.4 Cancellation of Warrants

All Warrants surrendered to the Warrant Agent pursuant to sections 2.6, 2.8(2), 2.10 or 3.1 shall be cancelled by the Warrant Agent and the Warrant Agent shall record the cancellation of such Warrants on the register of holders maintained by the Warrant Agent pursuant to Section 2.8(1). The Warrant Agent shall, if required by the Company, furnish the Company with a certificate identifying the Warrants so cancelled. All Warrants that have been duly cancelled shall be without further force or effect whatsoever.

3.5 Subscription for less than Entitlement

The holder of any Warrant may subscribe for and purchase a whole number of Warrant Shares that is less than the number that the holder is entitled to purchase pursuant to a surrendered Warrant. In such event, the holder thereof shall be entitled to receive a new Warrant Certificate in respect of the balance of Warrants that were not then exercised, such new Warrant Certificate to contain the same legend as provided for in Section 2.20(2), if applicable.

3.6 Expiration of Warrant

After the Time of Expiry, all rights under any Warrant in respect of which the right of subscription and purchase herein and therein provided for shall not theretofore have been
exercised shall wholly cease and terminate and such Warrant shall be void and of no effect.

ARTICLE 4 COVENANTS FOR WARRANTHOLDERS' BENEFIT

4.1 General Covenants of the Company

The Company represents, warrants and covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that:

(1) The Company will at all times, so long as any Warrants remain outstanding or issuable hereunder, maintain its existence, unless otherwise inconsistent with the fiduciary duties of the board of directors of the Company, and will keep or cause to be kept proper books of account in accordance with applicable law until the Time of Expiry.

(2) The Company is duly authorized to create and issue the Warrants to be issued hereunder and the Warrants, when Authenticated, will be legal, valid, binding and enforceable obligations of the Company.

(3) The Company will reserve and keep available a sufficient number of Warrant Shares for the purpose of enabling the Company to satisfy its obligations to issue Common Shares upon the exercise of the Warrants, and all Warrants Shares shall, when issued as provided herein, be valid and enforceable against the Company.

(4) The Company will cause the Warrant Shares from time to time subscribed for pursuant to the Warrants issued by the Company hereunder, in the manner herein provided, to be duly issued in accordance with the Warrants and the terms hereof.

(5) All Warrant Shares that shall be issued by the Company upon exercise of the rights provided for herein shall be issued as fully paid and non-assessable Common Shares of the Company.

(6) The Company will use commercially reasonable efforts to ensure that the Warrants, and the Common Shares outstanding on the date hereof and issuable from time to time on the exercise of the Warrants, continue to be or are listed and posted for trading on the CSE (or such other Canadian stock exchange acceptable to the Company), provided that this Section 4.1(6) shall not be construed as limiting or restricting the Company from completing a consolidation, amalgamation, arrangement, takeover bid, merger or other form of business combination that would result in the Warrants and/or the Common Shares ceasing to be listed and posted for trading on such exchanges, so long as the holders of Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the policies of such exchanges or the holders of Common Shares receive securities of an entity which is listed on a stock exchange in North America or cash.

(7) Except to the extent that the Company participates in a takeover bid, consolidation, merger, arrangement, amalgamation, or other form of business combination transaction, the Company will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) in each of the provinces of Canada and other Canadian jurisdictions in which it is currently or becomes a reporting issuer, make all requisite filings under applicable Securities Laws including those necessary to remain a reporting issuer not in default of the requirements of the applicable Securities Laws of such province or jurisdiction, until the Time of Expiry.

(8) The Company will perform and carry out all of the acts or things to be done by it as provided in this Indenture.

(9) The Company will not take any action or omit to take any action which would have the effect of preventing the Warrantholders from receiving any of the Warrant Shares issuable upon the exercise of the Warrants.

(10) The Company will promptly advise the Warrant Agent and the Warrantholders in writing of any breach or default under the terms of this Indenture no later than five (5) Business Days following the occurrence of such breach or default.

(11) If, in the opinion of counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from any securities regulatory authority, or any other step is required under any federal or provincial law of Canada before the Warrant Shares may be issued and delivered to a Warrantholder, the Company covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

4.2 Warrant Agent's Remuneration and Expenses

The Company covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed. Any amount owing hereunder and remaining unpaid after thirty (30) days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

4.3 Performance of Covenants by Warrant Agent

Subject to Section 8.7, if the Company shall fail to perform any of its covenants contained in this Indenture and the Company has not rectified such failure within twenty-five (25) Business Days after either giving notice of such default pursuant to Section 4.1(10) or receiving written notice from the Warrant Agent of such failure, the Warrant Agent may notify the Warrantholders of such failure on the part of the Company or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants. All reasonable sums expended or disbursed by the Warrant Agent in so doing shall be repayable as provided in Section 4.2. No such performance, expenditure or advance by the Warrant Agent shall be deemed to relieve the Company of any default hereunder or of its continuing obligations under the covenants herein contained.

4.4 Enforceability of Warrants

The Company covenants and agrees that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and Authenticated as herein provided, will be valid and enforceable against the Company in accordance with the provisions hereof and that, subject to the provisions of this Indenture, the Company will cause the Warrant Shares from time to time acquired upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

ARTICLE 5 ENFORCEMENT

5.1 Suits by Warrantholders

Subject to Section 6.10, all or any of the rights conferred upon a Warrantholder by the terms of the Warrants held by him and/or this Indenture may be enforced by such Warrantholder by appropriate legal proceedings but without prejudice to the right that is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the holders of the Warrants from time to time outstanding. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

5.2 Limitation of Liability

The obligations hereunder (including without limitation under Section 8.7(5)) are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Company or any of the past, present or future officers, employees or agents of the Company, but only the property of the Company (or any successor person) shall be bound in respect hereof.

5.3 Waiver of Default

Upon the happening of any default hereunder:

(a) the Warrantholders of not less than 50% plus 1 of the Warrants then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

(b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, on the advice of counsel, if, in the Warrant Agent's opinion, based on the advice of counsel, the same shall have been cured or adequate provision made therefor,

provided that no delay or omission of the Warrant Agent or of the Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warrantholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 6 MEETINGS OF WARRANTHOLDERS

6.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Company or of a Warrantholders' Request, convene a meeting of the Warrantholders provided that the Warrant Agent has been provided with sufficient funds and is indemnified to its reasonable satisfaction by the Company or by the Warrantholders signing such Warrantholders' Request against the costs, charges, expenses and liabilities that may be incurred in connection with the calling and holding of such meeting. If within fifteen (15) Business Days after the receipt of a written request of the Company or a Warrantholders' Request, funding and indemnity given as aforesaid the Warrant Agent fails to give the requisite notice specified in Section 6.2 to convene a meeting, the Company or such Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Warrant Agent.

6.2 Notice

At least fourteen (14) days prior notice of any meeting of Warrantholders shall be given to the Warrantholders at the expense of the Company in the manner provided for in Section 9.2 and a copy of such notice shall be delivered to the Warrant Agent unless the meeting has been called by it, and to the Company unless the meeting has been called by it. Such notice shall state the date, time and place of the meeting, the general nature of the business to be transacted and shall contain such information as is reasonably necessary to enable the Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 6. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or of the Company or the person designated by such Warrantholders, as the case may be.

6.3 Chairman

The Warrant Agent may nominate in writing an individual (who need not be a Warrantholder) to be chairman of the meeting and if no individual is so nominated, or if the individual so nominated is not present within fifteen (15) minutes after the time fixed for the holding of the meeting, the Warrantholders present in person or by proxy shall appoint an individual present to be chairman of the meeting. The chairman of the meeting need not be a Warrantholder.

6.4 Quorum

Subject to the provisions of Section 6.11, at any meeting of the Warrantholders a quorum shall consist of two Warrantholders present in person or represented by proxy and representing at least 20% of the aggregate number of Warrants then outstanding. If a quorum of the Warrantholders shall not be present within one-half hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place to the extent possible and, subject to the provisions of Section 6.11, no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting that might have been dealt with at the original meeting in accordance with the notice calling the same. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not represent at least 20% of the aggregate number of Warrants then unexercised and outstanding. No business shall be transacted at any meeting, except an adjourned meeting as described above, unless a quorum is present at the commencement of business.

6.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

6.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

6.7 Poll and Voting

On every extraordinary resolution, and when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy on any other question submitted to a meeting and after a vote by show of hands, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll. On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each whole Warrant then held by her. A proxy need not be a Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by her.

6.8 Regulations

Subject to the provisions of this Indenture, the Warrant Agent or the Company with the approval of the Warrant Agent may from time to time make and from time to time vary such regulations as it shall consider necessary or appropriate generally for the calling of meetings of Warrantholders and the conduct of business thereat including setting a record date for Warrantholders entitled to receive notice of or to vote at such meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 6.9), shall be Warrantholders or persons holding proxies of Warrantholders.

6.9 Company, Warrant Agent and Counsel may be Represented

The Company and the Warrant Agent, by their respective directors, officers and employees and the counsel for each of the Company, the Warrantholders and the Warrant Agent may attend any meeting of the Warrantholders and speak thereat but shall not be entitled to vote unless in their capacities as Warrantholders or proxies therefor.

6.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warrantholders at a meeting shall have the power, exercisable from time to time by extraordinary resolution:

(a) to agree with the Company to any modification, alteration, compromise or arrangement of the rights of Warrantholders and/or the Warrant Agent in its capacity as Warrant Agent hereunder (subject to the Warrant Agent's approval) or on behalf of the Warrantholders against the Company, whether such rights arise under this Indenture or the Warrants or otherwise;

(b) to amend, modify or repeal any extraordinary resolution previously passed or sanctioned by the Warrantholders;

(c) to direct or authorize the Warrant Agent (subject to the Warrant Agent receiving funding and indemnity) to enforce any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;

(d) to waive, authorize and direct the Warrant Agent to waive any default on the part of the Company in complying with any provisions of this Indenture or the Warrants either unconditionally or upon any conditions specified in such extraordinary resolution;

(e) to restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Company for the enforcement of any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders;

(f) to direct any Warrantholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with any such suit, action or proceeding, upon payment of the costs, charges and expenses reasonably and properly incurred by such Warrantholder in connection therewith;

(g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Company, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission; and

(h) with the consent of the Company, such consent not to be unreasonably withheld, to remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed.

6.11 Meaning of "Extraordinary Resolution"

(1) The expression "extraordinary resolution" when used in this Indenture means, subject as hereinafter in this Section 6.11 and in Section 6.14 provided, a resolution proposed at a meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 6 at which there are present in person or by proxy at least two Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants and passed by the affirmative votes of Warrantholders representing not less than 66%% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution.

(2) If, at any meeting called for the purpose of passing an extraordinary resolution, Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy within one-half hour after the time appointed for the meeting, then the meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than ten (10) Business Days later, and to such place and time as may be appointed by the chairman. Not less than three (3) Business Days prior notice shall be given of the time and place of such adjourned meeting in the manner provided in sections 9.1 and 9.2. Such notice shall state that at the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 6.11(1) shall be an extraordinary resolution within the meaning of this Indenture notwithstanding that Warrantholders representing at least 20% of all the then outstanding Warrants are not present in person or represented by proxy at such adjourned meeting.

(3) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

6.12 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantholders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholders to exercise such powers or combination of powers then or thereafter from time to time.

6.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Warrantholders as aforesaid shall be made and duly entered in books to be provided for that purpose by the Warrant Agent at the expense of the Company and any minutes as aforesaid, if signed by the chairman of the meeting at which resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Warrantholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken, to have been duly passed and taken.

6.14 Instruments in Writing

All actions that may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 6 may also be taken and exercised by Warrantholders representing a majority, or in the case of an extraordinary resolution at least 66%%, of the aggregate number of all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by attorney duly appointed in writing, and the expression "extraordinary resolution" when used in this Indenture shall include an instrument so signed.

6.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 6 at a meeting of Warrantholders shall be binding upon all the Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Warrantholders in accordance with Section 6.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing. In the case of an instrument in writing, the Warrant Agent shall give notice in the manner contemplated in sections 9.1 and 9.2 of the effect of the instrument in writing to all Warrantholders and the Company as soon as is reasonably practicable.

6.16 Holdings by the Company or Subsidiaries of the Company Disregarded

In determining whether Warrantholders are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Company or its Subsidiaries or in partnership of which the Company is directly or indirectly a party to shall be disregarded.

6.17 Common Shares or Warrants Owned by the Company or its Subsidiaries - Certificate to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Company in Section 6.16, the Company shall provide to the Warrant Agent, upon written request, a certificate of the Company setting forth as at the date of such certificate:

(a) the names (other than the name of the Company) of the Warrantholders which, to the knowledge of the Company, hold Warrants that are owned by or held for the account of the Company; and

(b) the number of Warrants owned legally or beneficially by the Company, and the Warrant Agent, in making the computations in Section 6.16, shall be entitled to rely on such certificate without any additional evidence.

ARTICLE 7 SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES

7.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Company (if properly authorized by its directors) and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) providing for the issuance of additional Warrants hereunder including Warrants in excess of the number set out in Section 2.1 and any consequential amendments hereto as may be required by the Warrant Agent, relying on the advice of counsel;

(b) setting forth adjustments in the application of Article 2;

(c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel are necessary or advisable, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(d) giving effect to any extraordinary resolution passed as provided in Article 6;

(e) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(f) adding to or amending the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants and making any modification in the form of the Warrant Certificate that does not affect the substance thereof;

(g) amending any of the provisions of this Indenture or relieving the Company from any of the obligations, conditions or restrictions herein contained, provided that no such amendment or relief shall be or become operative or effective if, in the opinion of the Warrant Agent, relying on the advice of counsel, such amendment or relief impairs any of the rights of the Warrantholders as a group or of the Warrant Agent,
and provided further that the Warrant Agent may in its sole discretion decline to enter into any supplemental indenture that in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative; and

(h) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors or omissions herein, provided that, in the opinion of the Warrant Agent, relying on the advice of counsel, the rights of the Warrant Agent and the Warrantholders as a group are in no way prejudiced thereby.

7.2 Successor Companies

In the case of the amalgamation, consolidation, arrangement, merger or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to or with another person (a **"successor company"),** the successor company resulting from the amalgamation, consolidation, arrangement, merger or transfer (if not the Company) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Company and the successor company shall by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, expressly assume those obligations.

ARTICLE 8 CONCERNING THE WARRANT AGENT

8.1 Indenture Legislation

(1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(2) The Company and the Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefit of Applicable Legislation.

8.2 Rights and Duties of Warrant Agent

(1) The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

(2) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from, or require any other person to indemnify the Warrant Agent against liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(3) The Warrant Agent shall not be bound to do or take any act, action or proceeding for the enforcement of any of the obligations of the Company under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding that the Warrant Agent is requested to take. The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and its counsel to protect and hold harmless the Warrant Agent, its officers, directors, employees, agents, successors and assigns against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(4) The Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts.

(5) Every provision of this Indenture that, by its terms, relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

(6) The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereunder unless and until it shall have been required to do so under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall specifically set out the default desired to be brought to the attention of the Warrant Agent and in the absence of such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has occurred or been made in the performance or observance of the representations, warranties and covenants, agreements or conditions herein contained. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

(7) In this Indenture, whenever confirmations or instructions are required to be given to the Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

8.3 Evidence, Experts and Advisers

(1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Company shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof and in such form as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Company.

(2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely absolutely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, written requests, consents, or orders of the Company, certificates of the Company or other evidence furnished to the Warrant Agent pursuant to any provision hereof or of Applicable Legislation or pursuant to a request of the Warrant Agent, provided that such evidence complies with Applicable Legislation and that the Warrant Agent complies with Applicable Legislation and that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture. The Warrant Agent shall be under no responsibility in respect of the validity of this Indenture or the execution and delivery hereof by or on behalf of the Company or in respect of the validity or the execution of any Warrant Certificate by the Company and issued hereunder, nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Indenture or in any such Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this Indenture and/or in any Warrant or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable.

(3) Whenever provided for in this Indenture or Applicable Legislation requires that the Company deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Company to have the Warrant Agent take the action to be based thereon.

(4) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by a certificate of a notary public or other person with similar powers that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(5) The Warrant Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties. The Warrant Agent has sole discretion and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter or other paper document received in facsimile or e-mail form.

(6) The Warrant Agent may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and shall pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any counsel and shall not be responsible for any misconduct or negligence on the part of any of them who has been selected with due care by the Warrant Agent. Any reasonable remuneration paid by the Warrant Agent shall be paid by the Company in accordance with Section 4.2.

(7) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Company or the Warrant Agent, in relation to any matter arising in fulfilling its duties and obligations hereof.

(8) The Warrant Agent may, as a condition precedent to any action to be taken by it under this Indenture, require such opinions, statutory declarations, reports, certificates or other evidence as it, acting reasonably, considers necessary or advisable in the circumstances.

(9) The Warrant Agent is not required to expend or place its own funds at risk in executing its duties and obligations.

8.4 Securities, Documents and Monies Held by Warrant Agent

(1) Any securities, documents of title, monies or other instruments that may at any time be held by the Warrant Agent subject to the duties and obligations hereof, for the benefit of the Company, may be placed in the deposit vaults of the Warrant Agent or of any Schedule 1 Canadian chartered bank under the *Bank Act* (Canada) or deposited for safekeeping with any such bank or the Warrant Agent. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held, invested and reinvested in "Permitted Investments" as directed in writing by the Company. "Permitted Investments" shall be treasury bills guaranteed by the Government of Canada having a term to maturity not to exceed ninety (90) days, or term deposits or bankers' acceptances of a Canadian chartered bank having a term to maturity not to exceed ninety (90) days, or such other investments that is in accordance with the Warrant Agent's standard type of investments. Unless otherwise specifically provided herein, all interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Company and shall be paid to the Company upon discharge of this Indenture.

(2) Any written direction for the investment or release of funds received shall be received by the Warrant Agent by 9:00 a.m. (Calgary time) on the Business Day on which such investment or release is to be made, failing which such direction will be handled on a commercially reasonable efforts basis and may result in funds being invested or released on the next Business Day.

(3) The Warrant Agent shall have no responsibility or liability for any diminution of any funds resulting from any investment made in accordance with this Indenture, including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.

(4) In the event that the Warrant Agent does not receive a direction or only a partial direction, the Warrant Agent may hold cash balances constituting part or all of such monies and may, but need not, invest same in its deposit department, the deposit department of one of its affiliates, or the deposit department of a Canadian chartered bank; but the Warrant Agent, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

8.5 Actions by Warrant Agent to Protect Interests

The Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders pursuant to the provisions of this Indenture.

8.6 Warrant Agent not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the duties and obligations of this Indenture or otherwise.

8.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to warrant agents, it is expressly declared and agreed as follows:

(1) The Warrant Agent shall not be liable for or by reason of any representations, statements of fact or recitals in this Indenture or in the Warrants (except the representation contained in Section 8.9 or in the Authentication of the Warrant Agent on the Warrants) or be required to verify the same and all such statements of fact or recitals are and shall be deemed to be made by the Company.

(2) Nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

(3) The Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof.

(4) The Warrant Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the covenants or warranties herein contained or of any acts of any directors, officers, employees, agents or servants of the Company.

(5) Without limiting any protection or indemnity of the Warrant Agent under any other provision hereof, or otherwise at law, the Company hereby agrees to indemnify and hold harmless the Warrant Agent and its affiliates, directors, officers, agents and employees, successors and assigns (the **"Indemnified Parties")** from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, proceedings, charges, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements on a solicitor and client basis, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising from the performance of its duties hereunder, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that Warrant Agent may provide in connection with or in any way relating to this Indenture. The Company agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Company shall not be required to indemnify the Indemnified Parties in the event of the gross negligence, fraud or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture.

(6) Notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Company to the Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Warrant Agent receiving the first notice of the claim; provided that this limitation shall not apply in respect of any gross negligence, fraud or wilful misconduct of the Warrant Agent. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

(7) If any of the funds provided to the Warrant Agent hereunder are received by it in the form of an uncertified cheque or bank draft, the Warrant Agent shall delay the release of such funds and the related Warrant Shares until such uncertified cheque has cleared the financial institution upon which the same is drawn.

(8) The forwarding of a cheque or the sending of funds by wire transfer by the Warrant Agent will satisfy and discharge the liability of any amounts due to the extent of the sum represented thereby unless such cheque is not honoured on presentation, provided that in the event of the non-receipt of such cheque by the payee, or the loss or destruction thereof, the Warrant Agent, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, will issue to such payee a replacement cheque for the amount of such cheque.

(9) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgement, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgement, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on ten (10) days' written notice to the Company provided: (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such ten (10) day period, then such resignation shall not be effective.

8.8 Replacement of Warrant Agent

(1) The Warrant Agent may resign its appointment and be discharged from all further duties and liabilities hereunder by giving to the Company not less than sixty (60) days prior notice in writing or such shorter prior notice as the Company may accept as sufficient. The Warrantholders by extraordinary resolution shall have the power at any time to remove the existing Warrant Agent and to appoint a new warrant agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Company shall forthwith appoint a new warrant agent unless a new warrant agent has already been appointed by the Warrantholders; failing such appointment by the Company, the retiring Warrant Agent or any Warrantholder may apply to a justice of the Ontario Superior Court of Justice (the "Court") at the Company's expense, on such notice as such justice may direct, for the appointment of a new warrant agent; but any new warrant agent so appointed by the Company or by the Court shall be subject to removal as aforesaid by the Warrantholders. Any new warrant agent appointed under any provision of this Section 8.8 shall be a corporation authorized to carry on the business of a transfer agent or a trust company in one or more provinces of Canada and, if required by Applicable Legislation of any province, in such province. On any such appointment the new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent without any further assurance, conveyance, act or deed; but there shall be immediately executed, at the expense of the Company, all such conveyances or other instruments as may, in the opinion of counsel, be necessary or advisable for the purpose of assuring the same to the new warrant agent, provided that any resignation or removal of the Warrant Agent and appointment of a successor warrant agent shall not become effective until the successor warrant agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Company, the predecessor Warrant Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor warrant agent an appropriate instrument transferring to such successor warrant agent all rights and powers of the Warrant Agent hereunder and all securities, documents of title and other instruments and all monies and properties held by the Warrant Agent hereunder.

(2) Upon the appointment of a successor warrant agent, the Company shall promptly notify the Warrantholders thereof in the manner provided for in Section 9.2.

(3) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation succeeding to the corporate trust business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without any further act on its part or of any of the parties hereto, provided that such corporation would be eligible for appointment as a new warrant agent under Section 8.8(1).

(4) Any Warrants Authenticated or certified but not delivered by a predecessor Warrant Agent may be Authenticated or certified by the new or successor warrant agent in the name of the predecessor or the new or successor warrant agent.

8.9 Conflict of Interest

(1) The Warrant Agent represents to the Company, to the best of its knowledge, that at the time of execution and delivery hereof no material conflict of interest exists which it is aware of in the Warrant Agent's role hereunder and agrees that in the event of a material conflict of interest arising which it becomes aware of hereafter it will, within ninety (90) days after ascertaining that it has such a material conflict of interest, either eliminate the same or resign its appointment hereunder. If any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrants shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to Section 8.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Company and generally may contract and enter into financial transactions with the Company or any Subsidiary without being liable to account for any profit made thereby.

8.10 Acceptance of Duties and Obligations

The Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become holders of Warrants from time to time issued under this Indenture.

8.11 Warrant Agent not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Company or any Subsidiary or any partnership of which the Company is directly or indirectly involved.

8.12 Authorization to Carry on Business

The Warrant Agent represents to the Company that it is registered to carry on business under Applicable Legislation in the provinces of Alberta and British Columbia.

ARTICLE 9 GENERAL

9.1 Notice to the Company and the Warrant Agent

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Company or the Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by email to the following addresses or facsimile numbers:

(a) If to the Company, to:

Planet 13 Holdings Inc.
2548 West Desert Inn Road
Las Vegas, Nevada
89109

Attention: Leighton Koehler
E-mail: [REDACTED]

with a copy to:

Wildeboer Dellelce LLP
396 Bay Street, Suite 80
Toronto, ON
M5H 2V1

Attention: Charlie Malone
E-mail: [REDACTED]

(b) If to the Warrant Agent, to:

Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta
T2P 3C4

Attention: Dan Sander
Email: [REDACTED]

and any notice given in accordance with the foregoing shall be deemed to have been received on the date of delivery if that date is a Business Day (and if that date is not a Business
Day, on the next Business Day) or, if mailed, on the fifth Business Day following the date of the postmark on such notice or, if transmitted by email, on the Business Day following the transmission.

(2) The Company or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in Section 9.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Company or the Warrant Agent, as the case may be, for all purposes of this Indenture.

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Company hereunder could reasonably be considered unlikely to reach its destination, the notice shall be valid and effective only if it is delivered to an officer of the party to which it is addressed or if it is delivered to that party at the appropriate address provided in Section 9.1(1) by facsimile or other means of prepaid, transmitted or recorded communication and any notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery to the officer or if delivered by facsimile or other means of prepaid, transmitted, recorded communication on the third Business Day following the date of the sending of the notice by the person giving the notice.

9.2 Notice to the Warrantholders

(1) Any notice to the Warrantholders under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail or, if delivered by hand, to the holders at their addresses appearing in the register of holders. Any notice so delivered shall be deemed to have been received on the date of delivery if that date is a Business Day or the Business Day following the date of delivery if such date is not a Business Day or on the third Business Day if delivered by mail. All notices may be given to whichever one of the Warrantholders (if more than one) is named first in the appropriate register hereinbefore mentioned, and any notice so given shall be sufficient notice to all Warrantholders and any other persons (if any) interested in such Warrants. Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder will not invalidate any action or proceeding founded thereon.

(2) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders could reasonably be considered unlikely to reach its destination, the notice may be given in a news release disseminated through a newswire service, filed on SEDAR and posted on the Company's website; provided that in the case of a notice convening a meeting of the holders of Warrants, the Warrant Agent may require such additional publications of that notice, in Toronto, Ontario or in other cities or both, as it may deem necessary for the reasonable notification of the holders of Warrants or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required.

9.3 Privacy

The Company acknowledges that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(a) to provide the services required under this Indenture and other services that may be requested from time to time;

(b) to help the Warrant Agent manage its servicing relationships with such individuals;

(c) to meet the Warrant Agent's legal and regulatory requirements; and

(d) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

The Company acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Warrant Agent shall make available on its website or upon request, including revisions thereto. Some of this personal information may be transferred to servicers in the United States for data processing and/or storage. Further, the Company agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless the Company has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

9.4 Third Party Interests

The Company represents to the Warrant Agent that any account to be opened by, or interest to held by the Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent prescribed form as to the particulars of such third party.

9.5 Securities Exchange Commission Certification

The Company confirms that as at the date of this Indenture it does not have a class of securities registered pursuant to section 12 of the U.S. Securities and Exchange Act of 1934, as amended (the **"Exchange Act")** or have a reporting obligation pursuant to section 15(d) of the Exchange Act.

The Company covenants that in the event that (i) any class of its securities shall become registered pursuant to section 12 of the Exchange Act or the Company shall incur a reporting obligation pursuant to section 15(d) of the Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Company in accordance with the Exchange Act, the Company shall promptly deliver to the Warrant Agent an Officer's Certificate (in a form provided by the Warrant Agent) notifying the Warrant Agent of such registration or termination and such other information as the Warrant Agent may reasonably require at the time. The Company acknowledges that the Warrant Agent is relying upon the foregoing representation and covenants in order to meet certain United States Securities and Exchange Commission **("SEC")** obligations with respect to those clients who are filing with the SEC.

9.6 Discretion of Directors

Any matter provided herein to be determined by the directors in their sole discretion and determination so made will be conclusive.

9.7 Satisfaction and Discharge of Indenture

Upon the earlier of the Time of Expiry or the date by which there shall have been delivered to the Warrant Agent for exercise or destruction in accordance with the provisions hereof all Warrants theretofore Authenticated or certified hereunder and by which no Warrants shall remain issuable hereunder, this Indenture, except to the extent that Warrant Shares and any certificates therefor have not been issued and delivered hereunder or the Company has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Company, and the Warrant Agent, on written demand of and at the cost and expense of the Company, and upon delivery to the Warrant Agent of a certificate of the Company stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Warrant Agent of the expenses, fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided that if the Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Company's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Company against the Warrant Agent.

9.8 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Nothing in this Indenture or the Warrant Certificates, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

9.9 Indenture to Prevail

To the extent of any discrepancy or inconsistency between the terms and conditions of this Indenture and the Warrant Certificate, the terms of this Indenture will prevail.

9.10 Assignment

This Indenture nor any benefits or burdens under this Indenture shall be assignable by the Company or the Warrant Agent without the prior written consent of the other party, such consent not to be unreasonably withheld. Subject to the foregoing, this Indenture shall enure to the benefit of and be binding upon the Company and the Warrant Agent and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

9.11 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

9.12 Force Majeure

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this section.

9.13 Rights of Rescission and Withdrawal for Holders

Should a holder of Warrants exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, and the holder's funds which were paid on exercise have already been released to the Company by the Warrant Agent, the Warrant Agent shall not be responsible for ensuring the exercise is cancelled and a refund is paid back to the holder. In such cases, the holder shall seek a refund directly from the Company and subsequently, the Company, upon surrender to the Company or the Warrant Agent of any underlying Warrant Shares or other securities that may have been issued, or such other procedure as agreed to by the parties hereto, shall instruct the Warrant Agent in writing to cancel the exercise transaction and any such underlying Warrant Shares or other securities on the register that may have already been issued upon the Warrant exercise. In the event that any payment is received from the Company by virtue of the holder being a shareholder for such Warrants that were subsequently rescinded, such payment must be returned to the Company by such holder. The Warrant Agent shall not be under any duty or obligation to take any steps to ensure or enforce the return of the funds pursuant to this section, nor shall the Warrant Agent be in any other way responsible in the event that any payment is not delivered or received pursuant to this section. Notwithstanding the foregoing, in the event that the Company provides the refund to the Warrant Agent for distribution to the holder, the Warrant Agent shall return such funds to the holder as soon as reasonably practicable, and in so doing, the Warrant Agent shall incur no liability with respect to the delivery or non-delivery of any such funds.

9.14 Counterparts and Formal Date

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Indenture.

(Signature page follows)

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

PLANET 13 HOLDINGS INC.

By: /s/ Dennis Logan
Dennis Logan
Chief Financial Officer

ODYSSEY TRUST COMPANY

By: /s/ Dan Sander
Dan Sander
VP, Corporate Trust

By: /s/ Amy Douglas
Amy Douglas
Director, Corporate Trust

SCHEDULE“A”

[For Warrants required to bear the legend set forth in Section 2.20(2) of the Warrant Indenture:]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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.

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

[For Warrants required to bear the legend set forth in Section 2.20(3) of the Warrant Indenture:]

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

FORM OF WARRANT CERTIFICATE

WARRANTS TO PURCHASE COMMON SHARES
OF PLANET 13 HOLDINGS INC.
(a company existing under the laws of British Columbia)

CUSIP No. 72706K168
ISIN No. CA72706K1681

Warrant Certificate Number: ●

Representing ● Warrants to
purchase Common Shares (as defined below)

THIS CERTIFIES that, for value received, the registered holder hereof, ● (the **"holder")** is entitled at any time at or before the Expiry Time (as defined below) to acquire, subject to adjustment in certain events, the number of Common Shares **("Common Shares")** of Planet 13 Holdings Inc. (the **"Company")** specified above, as presently constituted, by surrendering to Odyssey Trust Company (the **"Warrant Agent")** at its principal office in Calgary, Alberta, this Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Warrant Certificate, and accompanied by payment of $9.00 per Common Share (the **"Warrant Exercise Price")** by certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Company at par at the above-mentioned office of the Warrant Agent. The holder of this Warrant Certificate may purchase less than the number of Common Shares which he is entitled to purchase on the exercise of the Warrants represented by this Warrant Certificate, in which event a new Warrant Certificate representing the Warrants not then exercised will be issued to the holder.

The Warrants evidenced under this Warrant Certificate are exercisable on or before 5:00 p.m. (Toronto time) (the **"Expiry Time")** on February 2, 2023 (the **"Expiry Date").** After the Expiry Time, Warrants evidenced hereby shall be deemed to be void and of no further force or effect.

This Warrant Certificate represents Warrants of the Company issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the **"Warrant Indenture")** dated as of February 2, 2021, between the Company and the Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Warrants and the Company and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Warrant Indenture. A copy of the Warrant Indenture can be requested by contacting the Warrant Agent. **In the event of any conflict between the provisions contained in this Warrant Certificate and the provisions of the Warrant Indenture, the provisions of the Warrant Indenture shall prevail.**

Upon acceptance hereof, the holder hereof hereby expressly waives the right to receive any fractional Common Shares upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. The Warrants represented by this Warrant Certificate shall be deemed to have been surrendered, and payment by certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its office in the City of Calgary, Alberta.

Upon due exercise of the Warrants represented by this Warrant Certificate and payment of the Warrant Exercise Price, the Company shall cause to be issued to the person(s) in whose name(s) the Common Shares have been so subscribed for, the number of Common Shares to be issued to such person(s) (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program), and the holder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing the Common Shares unless or until the holder shall have paid the Company or the Warrant Agent the amount of such tax (or shall have satisfied the Company that such tax has been paid or that no tax is due), and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise, and upon due surrender of this Warrant Certificate, the Transfer Agent shall issue a certificate(s) representing such Common Shares to be issued within five Business Days after the exercise of the Warrants (or portion thereof) represented hereby.

Neither the Warrants represented by this Warrant Certificate nor the Common Shares issuable upon exercise hereof have been or will be registered under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"),** or any state securities laws. The Warrants represented by this Warrant Certificate may not be exercised within the United States or by, or for the account or benefit of, a U.S. person or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available. Certificates representing Common Shares issued in the United States or to, or for the account or benefit of, U.S. persons will bear a legend restricting the transfer and exercise of such securities under applicable United States federal and state securities laws. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Common Shares issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent. Subject to the provisions of the Warrant Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrants Certificates entitling the holder thereof to acquire an equal aggregate number of Common Shares subject to adjustment as provided for in the Warrant Indenture. The Company and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Warrant Indenture expressly provided.

The Warrant Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Warrant Exercise Price in certain events therein set forth.

The Warrant Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by the holders entitled to acquire upon the exercise of the Warrants a specified percentage of the Common Shares.

The Warrants and the Warrant Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Warrant Indenture.

The Company may from time to time at any time prior to the Expiry Time purchase any of the Warrants by private agreement or otherwise.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Warrant Indenture.

All dollar amounts herein are expressed in the lawful money of Canada.

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be signed by its duly authorized officer as of this _____ day of _____, 20

PLANET 13 HOLDINGS INC.

By: _____
Authorized Signing Officer

Countersigned this _____ day

of _____, 20

ODYSSEY TRUST COMPANY

By: _____
Authorized Signing Officer

EXERCISE FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company
Suite 1230, 300 5th Avenue SW
Calgary, Alberta T2P 3C4

The undersigned holder of the within Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for Common Shares of Planet 13 Holdings Inc. (the **"Company")** at the Warrant Exercise Price referred to in the attached Warrant Certificate on the terms and conditions set forth in such certificate and the Warrant Indenture and encloses herewith a certified cheque, bank draft or money order payable at par in the City of Calgary, in the Province of Alberta to the order of the Company in payment in full of the subscription price of the Common Shares hereby subscribed for.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the warrant indenture between the Company and Odyssey Trust Company dated February 2, 2021.

(Please check the **ONE** box applicable):

☐ 1. The undersigned certifies that it (i) is not in the United States and is not a "U.S. person", within the meaning of Regulation S under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"),** (ii) is not exercising this Warrant for the account or benefit of any U.S. Person or person in the United States, (iii) did not execute or deliver this Exercise Form within the United States and (iv) has in all other aspects complied with the terms of Regulation S under the U.S. Securities Act.

☐ 2. The undersigned certifies that it (i) purchased the Warrants as a part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Oualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder's GIB Letter remain true and correct on the Exercise Date.

☐ 3. The undersigned is delivering a written opinion of United States legal counsel or evidence satisfactory to the Company to the effect that the Warrant and the Common Shares to be delivered upon exercise hereof have been registered under the U.S. Securities Actor are exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

It is understood that the Company may require evidence to verify the foregoing representations.

The undersigned hereby directs that the said Common Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF COMMON SHARES

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the Transfer Form must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to Odyssey Trust Company, c/o Corporate Trust.

DATED this day of

)
)
)
Witness) (Signature of Warrantholder, to be the same as
) appears on the face of this Warrant Certificate)
)
Name of Registered Warrantholder

[ ] Please check this box if the securities are to be delivered at the office where these Warrants are surrendered, failing which the securities will be mailed.

NOTES:

1. Certificates will not be registered or delivered to an address in the United States unless Box 2 or Box 3 above is checked.

2. If Box 3 above is checked, holders are encouraged to contact the Company in advance to determine that the legal opinion or evidence tendered in connection with exercise will be satisfactory in form and substance to the Company.

TRANSFER FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust
Company Suite 1230, 300
5th Avenue SW Calgary,
Alberta T2P 3C4

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

---

(Transferee)

(Address)

(Social Insurance Number)

of the Warrants registered in the name of the undersigned transferor represented by the Warrant Certificate.

In the case of a Warrant Certificate that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

☐ (A) the transfer is being made only to the Company; or

☐ (B) the transfer is being made outside the United States in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and in compliance with any applicable local securities laws and regulations and the holder has provided herewith the Declaration for Removal of Legend attached as Schedule "B" to the Warrant Indenture; or

☐ (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, and in either case in accordance with applicable state securities laws; or

☐ (D) the transfer is being made within the United States or to, or for the account or benefit of, U.S. persons, in accordance with a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws and the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

In the case of a transfer in accordance with (C)(i) or (D) above, the Company and the Warrant Agent shall first have received an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to such effect.

In the case of a Warrant Certificate that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a U.S. person or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.
"United States" and "U.S. Person" are as defined by Regulation S under the U.S. Securities Act.

DATED this day of , .

SPACE FOR GUARANTEES) OF SIGNATURES (BELOW

) Signature of Transferor

Guarantor's Signature/Stamp

) Name of Transferor

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

☐ **Gift** ☐ **Estate** ☐ **Private Sale** ☐ **Other (or no change in ownership)**

Date of Event (Date of gift, death or sale):

Value per Warrant on the date of event:

☐ **CAD OR** ☐

USD

NOTES:

1. The signature to this transfer must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.

2. Warrants shall only be transferable in accordance with the warrant indenture between Planet **13** Holdings Inc. and Odyssey Trust Company dated February **2, 2021** (the **"Warrant Indenture"),** applicable laws and the rules and policies of any applicable stock exchange. Without limiting the foregoing, if the Warrant Certificate bears a legend restricting the transfer of the Warrants except pursuant to an exemption from registration under the U.S. Securities Act, and applicable state securities laws, this Transfer Form must be accompanied by a properly completed and executed declaration for removal of legend in the form attached as Schedule “B” to the Warrant Indenture.

CERTAIN REQUIREMENTS RELATING TO TRANSFERS - READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.
- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.
- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

REASON FOR TRANSFER - FOR US RESIDENTS ONLY

Consistent with US IRS regulations, Odyssey Trust Company is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

SCHEDULE"B"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust
Company Suite 1230, 300
5th Avenue SW Calgary,
Alberta T2P 3C4

The undersigned (a) acknowledges that the sale of the securities of Planet 13 Holdings Inc. (the **"Company")** to which this declaration relates is being made in reliance on Rule 904 of Regulation S **("Regulation S")** under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act")** and (b) certifies that (1) it is not an affiliate of the Company (as defined in Rule 405 under the U.S. Securities Act), (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 believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Canadian Securities Exchange 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 any of 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 such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the sale was 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.

Dated: By: _____

Name:

Title:

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 Company 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.

Name of Firm

By: _____

Authorized officer

Date: _____

Exhibit 4.5

PLANET 13 HOLDINGS INC.

- and -

ODYSSEY TRUST COMPANY

WARRANT INDENTURE

Providing for the Issue of
up to 4,792,625 Common Share Purchase Warrants

December 4, 2018

TABLE OF CONTENTS

Schedule "A" Form of Warrant Certificate
Schedule "B" Form of Declaration for Removal of Legend

THIS WARRANT INDENTURE dated as of December 4, 2018

BETWEEN:

PLANET 13 HOLDINGS INC.,
a company existing under the federal laws of Canada

(the "Company")

AND

ODYSSEY TRUST COMPANY,
a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia

(the "Warrant Agent")

RECITALS
WHEREAS:

A. In connection with the public offering by the Company of up to 9,585,250 Units (as defined below) pursuant to a short form prospectus dated November 28, 2018 (the **"Offering"),** the Company proposes to issue and sell to the public up to 4,792,625 Warrants (as defined below), of which 4,167,500 Warrants will be issuable as a part of the base Offering and up to 625,125 Warrants will be issuable upon the due exercise of the Over-Allotment Option (as defined below);

B. Each Warrant entitles the holder thereof to purchase, subject to adjustment in certain events, one Warrant Share (as defined below) at a price of $3.75 at any time prior to 5:00 p.m. (Toronto time) on December 4, 2021, subject to the Acceleration Right (as defined below);

C. For such purpose the Company deems it necessary to create and issue Warrants and Warrant Certificates (as defined below) to be constituted and issued in the manner hereinafter set forth;

D. The Company is duly authorized to create and issue the Warrants to be issued as herein provided;

E. All things necessary have been done and performed to make the Warrants, when Authenticated (as defined below) or certified by the Warrant Agent and issued as provided in this Indenture, legal, valid and binding upon the Company with the benefits of and subject to the terms of this Indenture;

The foregoing recitals are made as statements of fact by the Company and not by the Warrant Agent; and

F. The Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this Indenture from time to time;

NOW THEREFORE THIS INDENTURE WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1

INTERPRETATION

1.1 Definitions

In this Indenture, unless there is something in the subject matter or context inconsistent therewith:

"Acceleration Notice" means a notice of an Acceleration Trigger from the Company to each of the Warrantholders pursuant to Section 9.2 hereof, advising that the preconditions to the exercise of the Acceleration Right have been met and the Acceleration Right has been exercised;

"Acceleration Right" means the right of the Company to accelerate the Expiry Date to a date that is not less than 30 days following provision of the Acceleration Notice if, at any time after the date of issuance of the Warrants, an Acceleration Trigger shall have occurred;

"Acceleration Threshold Price" means $5.00 per Common Share, subject to adjustment in accordance with the provisions of Article 2 hereof;

"Acceleration Trigger" means a situation whereby the daily volume weighted average closing price of the Common Shares on the CSE (or such other exchange on which the Common Shares may trade) is at a price equal to or greater than the Acceleration Threshold Price for a period of 20 consecutive trading days following the date of issuance of the Warrants;

"Acceleration Trigger Date" means the Expiry Date specified by the Company on the Acceleration Notice, which shall be not less than 30 days after the occurrence of the Acceleration Trigger;

"Applicable Legislation" means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of issuers and warrant agents under warrant indentures as are from time to time in force and applicable to this Indenture;

"Authenticated" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Company and authenticated by manual signature of an authorized officer of the Warrant Agent, and (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.4 are entered in the register of Warrantholders, **"Authenticate", "Authenticating"** and **"Authentication"** have the appropriate correlative meanings;
"Beneficial Owner" means a person that has a beneficial interest in a Warrant;

"Book-Entry Only System" means the book-based securities system administered by CDS in accordance with its operating rules and procedures in force from time to time;

"Business Day" means a day that is not a Saturday, Sunday, or a day on which banks are closed or which is a civic or statutory holiday in the City of Toronto, Ontario or Calgary, Alberta;

"Capital Reorganization" has the meaning ascribed to that term in Section 2.13(4);

"CDS" means CDS Clearing and Depository Services Inc. and its successors in interest;

"CDSX" means the CDS settlement and clearing system for equity and debt securities in Canada;

"Closing Date" means December 4, 2018 or such other date as agreed to by the Company and the Underwriters;

"Common Share Reorganization" has the meaning ascribed to that term in Section **2.13(1);**

"Common Shares" means the common shares in the capital of the Company;

"Company" means Planet 13 Holdings Inc., a corporation existing under the federal laws of Canada, and its lawful successors from time to time;

"Company's Auditors" means the chartered (professional) accountant or firm of chartered (professional) accountants duly appointed as auditor or auditors of the Company from time to time, including prior auditors of the Company, as applicable;

"Confirmation" has the meaning ascribed that term in Section 3.1(4);

"counsel" means a barrister and solicitor or lawyer or a firm of barristers and solicitors or lawyers, in both cases acceptable to the Warrant Agent;

"CSE" means the Canadian Securities Exchange;

"Current Market Price" means, at any date, the volume weighted average price per share at which the Common Shares have traded:

(a) on the CSE;

(b) if the Common Shares are not listed on the CSE, on any stock exchange upon which the Common Shares are listed, as may be selected for this purpose by the board of directors of the Company, acting reasonably; or

(c) if the Common Shares are not listed on any stock exchange, on any over-the- counter market on which the Common Shares are trading, as may be selected for this purpose by the board of directors of the Company, acting reasonably;

during the 20 consecutive trading days (on each of which at least 500 Common Share are traded in board lots) ending the second trading day before such date; provided that the volume weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 20 consecutive trading days by the number of Common Shares so sold on said exchange or market or, if not traded on any recognized exchange or market, as determined by the directors of the Company, acting reasonably;

"director" means a member of the board of directors of the Company for the time being, and unless otherwise specified herein, reference to **"action by the board of directors"** means action by the board of directors of the Company as a board or, whenever duly empowered, action by a committee of the board;

"Dividend Paid in the Ordinary Course" means dividends paid in any financial year of the Company, whether in (i) cash, (ii) shares of the Company, (iii) warrants or similar rights to purchase any shares of the Company or property or other assets of the Company provided that the value of such dividends per outstanding Common Share does not in such financial year exceed in aggregate 5% of the Exercise Price;

"Exchange Basis" means, at any time, the number of Warrant Shares or other classes of shares or securities or property which a Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Article 2 hereof, such number being equal to one Warrant Share per Warrant as of the date hereof;

"Exercise Date" with respect to any Warrant means the date on which such Warrant is duly surrendered for exercise in accordance with the provisions of Article 3 hereof;

"Exercise Notice" has the meaning ascribed that term in Section 3.1(4);

"Exercise Price" means $3.75 for each Warrant Share, subject to adjustment in accordance with the provisions of Article 2 hereof;

“Expiry Date” means the earlier of: (a) December 4, 2021; and (b) the Acceleration Trigger Date;

"extraordinary resolution" has the meaning ascribed to that term in sections 6.12 and 6.15;

"Internal Procedures" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent;

"Offering" has the meaning ascribed thereto in Recital A of this Indenture;

“Original U.S. Purchaser” means a Qualified Institutional Buyer who purchased Warrants as part of the Offering;

"Over-Allotment Option" means the option granted by the Company to the Underwriters, which may be exercised in the Underwriters' sole discretion and without obligation, to purchase up to an additional 1,250,250 Units, including up to 1,250,250 Unit Shares and up to 625,125 Warrants, for the purpose of covering over-allotments made in connection with the Offering and for market stabilization purposes, and which is exercisable for any combination of additional
Units, additional Unit Shares and/or additional Warrants, from and including 30 days following the Closing Date;

"Participant" means a person recognized by CDS as a participant in the Book-Entry Only System;

"person" means an individual, a corporation, a limited liability company, a partnership, a syndicate, a trustee or any unincorporated organization and words importing persons are intended to have a similarly extended meaning;

“Prices” means each of the Exercise Price and the Acceleration Threshold Price;

“Qualified Institutional Buyer” means a “qualified institutional buyer” as such term is defined in Rule 144A under the U.S. Securities Act;

"QIB Letter" means the Qualified Institutional Buyer Letter signed by the Original U.S. Purchaser;

"Regulation S" means Regulation S as promulgated under the U.S. Securities Act;

"Rights Offering" has the meaning ascribed to that term in Section 2.13(2);
"Rights Offering Price" has the meaning ascribed to that term in Section 2.14(8);
"Securities Laws" means, collectively, the applicable securities laws and regulations of each of the provinces of Canada, except Quebec, the United States and each of the states of the United States, together with all respective regulations made and forms prescribed thereunder, published rules, policy statements, notices, orders and rulings of the securities commissions or similar regulatory authorities thereto, as applicable, including the rules and policies of the CSE;

"shareholder" means an owner of record of one or more Common Shares or shares of any other class or series of the Company;

"Special Distribution" has the meaning ascribed to that term in Section 2.13(3);

"Subsidiary" means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Company or by one or more subsidiaries of the Company and, as used in this definition, "voting shares" means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

"successor company" has the meaning ascribed to that term in section 7.2;

"this Indenture", "herein", "hereby" and similar expressions mean or refer to this Common Share purchase warrant indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions **"Article", "section",** or **"paragraph"** followed by a number or letter mean and refer to the specified Article, section, or paragraph of this Indenture;

"Time of Expiry" means 5:00 p.m. (Toronto time) on the Expiry Date;
"trading day" means a day on which the CSE (or such other exchange on which the Common Shares are listed) is open for trading, and if the Common Shares are not listed on a stock exchange, a day on which an over-the-counter market where such shares are traded is open for business;

"transaction instruction" means a written order signed by the holder or CDS, entitled to request that one or more actions be taken, or such other form as may be reasonably acceptable to the Warrant Agent, requesting one or more such actions to be taken in respect of an Uncertificated Warrant;

"Transfer Agent" means the transfer agent or agents for the time being for the Common Shares;

"U.S. Person" means a U.S. person as that term is defined under Regulation S;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended;

"Uncertificated Warrant" means any Warrant which is issued under the Book-Entry Only System or any Warrant which is not a certificated Warrant;

"Underwriters" means collectively Beacon Securities Limited, Canaccord Genuity Corp. and Cormark Securities Inc.;

"Unit Share" means a Common Share comprising part of each Unit;

"United States" means the United States as that term is defined in Regulation S;

"Units" means the units of the Company, each Unit being comprised of one Unit Share and one-half Warrant;

"Warrant Agent" means Odyssey Trust Company, a trust company incorporated under the laws of Alberta and authorized to carry on business in the provinces of Alberta and British Columbia or any lawful successor thereto including through the operation of section 8.8;

"Warrant Certificates" means the certificates representing Warrants substantially in the form attached as Schedule "A" hereto or such other form as may be approved by the Company and the Warrant Agent;

"Warrant Shares" means the Common Shares or, as a result of any adjustment to the subscription rights pursuant to Article 2 hereof, other securities or property issuable upon the exercise of the Warrants;

"Warrantholders" or **"holders"** means the persons whose names are entered for the time being in the register maintained pursuant to section 2.8;

'Warrantholders' Request" means an instrument, signed in one or more counterparts by Warrantholders representing, in the aggregate, at least 20% of the aggregate number of Warrants then outstanding, which requests the Warrant Agent to take some action or proceeding specified therein;
"Warrants" means the Common Share purchase warrants of the Company issued and Authenticated hereunder as Uncertificated Warrants or to be issued and countersigned in the form of Warrant Certificates, in either case, entitling the holders thereof to purchase Warrant Shares on the basis of one Warrant Share for each Warrant upon payment of the Exercise Price prior to the Time of Expiry; provided that in each case the number and/or class of securities or property receivable on the exercise of the Warrants may be subject to increase or decrease or change in accordance with the terms and provisions hereof; and

"written direction of the Company", "written request of the Company", "written consent of the Company", "Officer's Certificate" and **"certificate of the Company"** and any other document required to be signed by the Company, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Company by any officer or director and may consist of one or more instruments so executed.

1.2 Words Importing the Singular

Unless elsewhere otherwise expressly provided, or unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 Interpretation not Affected by Headings

The division of this Indenture into Articles, sections, and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

1.4 Day not a Business Day

If any day on or before which any action is required or permitted to be taken hereunder is not a Business Day, then such action shall be required or permitted to be taken on or before the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence in all respects of this Indenture and the Warrants issued hereunder.

1.6 Governing Law

This Indenture and the Warrants issued hereunder shall be construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts.

1.7 Meaning of "outstanding" for Certain Purposes

Every Warrant Authenticated or certified by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation, exercised pursuant to section 3.1 or until the Time of Expiry; provided that where a new Warrant Certificate has been issued pursuant to section 2.6 to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant
Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding.

1.8 Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian
dollars.

1.9 Termination

This Indenture shall continue in full force and effect until the earlier of: (a) the Time of Expiry; and (b) provided that no Warrants remain issuable pursuant to the terms of this Indenture, the date that no Warrants are outstanding hereunder; provided that this Indenture shall continue in effect thereafter, if applicable, until the Company and the Warrant Agent have fulfilled all of their respective obligations under this Indenture.

ARTICLE 2
ISSUE OF WARRANTS

2.1 Issue of Warrants

Subject to adjustment in accordance with the provisions hereof, the Company creates and authorizes the issuance of up to 4,792,625 Warrants entitling the registered holders thereof to acquire an aggregate of up to 4,792,625 Warrant Shares, all of which are hereby created and authorized to be issued hereunder at the Exercise Price upon the terms and conditions as set forth herein. Uncertificated Warrants shall be Authenticated by the Warrant Agent and deposited in CDS and Warrant Certificates evidencing the Warrants shall be executed by the Company, certified by or on behalf of the Warrant Agent and delivered by the Warrant Agent in accordance with a written direction of the Company, all in accordance with sections 2.3 and 2.4. Subject to adjustment in accordance with the provisions of this Indenture, each of the Warrants issued hereunder shall entitle the holder thereof to receive from the Company, at the Exercise Price, the number of Warrant Shares equal to the Exchange Basis in effect on the Exercise Date.

2.2 Form and Terms of Warrants

(1) The Warrants may be issued in either certificated or uncertificated form. The Warrant Certificates shall be substantially in the form attached as Schedule "A" hereto, subject to the provisions of this Indenture, with such additions, variations and changes as may be required or permitted by the terms of this Indenture, and to give effect to any Warrants not being issued as Uncertificated Warrants, and which may from time to time be agreed upon by the Warrant Agent and the Company, and shall have such legends, distinguishing letters and numbers as the Company may, with the approval of the Warrant Agent, prescribe. Except as hereinafter provided in this Article 2, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Company may determine. No change in the form of the Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 2 in the number and/or class of securities or type of securities or property that may be acquired pursuant to the Warrants. All Warrants issued to CDS may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with section 2.8.

(2) Each Warrant authorized to be issued hereunder shall entitle the registered holder thereof to acquire (subject to sections 2.13, 2.14 and 2.15) upon due exercise and upon the transaction instruction or due execution of the exercise form endorsed on the Warrant Certificate, as applicable, or other instrument of exercise in such form as the Warrant Agent and/or the Company may from time to time prescribe and upon payment of the Exercise Price, one Warrant Share or such other kind and amount of shares or securities or property, calculated pursuant to the provisions of sections 2.13 and 2.14, as the case may be, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this Indenture.

(3) Fractional Warrants shall not be issued or otherwise provided for. If any fraction of a Warrant would otherwise be issuable and result in a fraction of a Warrant Share being issuable, any such fractional Warrant so issued shall be rounded down to the nearest whole Warrant without compensation therefor.

(4) If at any time after the date of the issuance of the Warrants, the Acceleration Trigger shall have occurred, the Company shall have the sole right, but not the obligation, to exercise the Acceleration Right. In the event the Company elects to exercise the Acceleration Right, the Company shall deliver, or cause to be delivered, the Acceleration Notice to Warrantholders pursuant to Section 9.2 hereof. Upon delivery of the Acceleration Notice to the Warrantholders, such holders shall have the right, but not the obligation, to exercise their Warrants pursuant to the terms set forth herein and in the Warrant Certificates. Effective as of the date that is 30 days following the delivery of the Acceleration Notice to the Warrantholders pursuant to Section 9.2 hereof, all unexercised Warrants shall be terminated and of no further force or effect without any action on the part of the Company or the Warrantholders. Concurrent with the delivery of the Acceleration Notice to the Warrantholders contemplated hereunder, the Company shall also provide the Acceleration Notice to the Warrant Agent pursuant to Section 9.1 hereof and issue a news release announcing the exercise of the Acceleration Right. The receipt of the Acceleration Notice by the Warrant Agent and the issuance of the news release announcing the Acceleration Right will not impact the timing of the exercise of the Acceleration Right by the Company.

2.3 Signing of Warrant Certificates

Warrant Certificates shall be signed by any one of the directors or officers of the Company and may, but need not be under the corporate seal of the Company or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile or other electronic format and Warrant Certificates bearing such facsimile or other electronic format signatures shall be binding upon the Company as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or electronic signature appears on any Warrant Certificate as a director or officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate Authenticated or signed as aforesaid shall, subject to section 2.4, be valid and binding upon the Company and the registered holder thereof will be entitled to the benefits of this Indenture.

2.4 Authentication by the Warrant Agent

(1) No Warrant shall be issued or, if issued, shall be valid for any purpose or entitle the registered holder to the benefit hereof or thereof until it has been Authenticated by or on behalf of the Warrant Agent, as applicable, and such Authentication by the Warrant Agent shall be conclusive evidence as against the Company that the Warrant so Authenticated has been duly issued hereunder and the holder is entitled to the benefits hereof.

(2) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise) by completing its Internal Procedures and the Company shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time, the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Company.

(3) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to acquire Warrant Shares, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.

(4) No Warrant Certificate shall be considered issued or shall be obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by or on behalf of the Warrant Agent substantially in the form of the Warrant Certificate set out in Schedule "A" hereto. Such Authentication on any such Warrant Certificate shall be conclusive evidence that such Warrant Certificate is duly Authenticated and is valid and a binding obligation of the Company and that the holder is entitled to the benefits of this Indenture.

(5) The Authentication or certification of the Warrant Agent on the Warrants issued hereunder, including by way of entry on the register, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrants (except the due Authentication and certification thereof) or as to the performance by the Company of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration therefor except as otherwise specified herein.

2.5 Warrantholder not a Shareholder, etc.

Nothing in this Indenture or the holding of a Warrant shall be construed as conferring upon a Warrantholder any right or interest whatsoever as a shareholder, including but not limited to the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Company, nor entitle the holder to any right or interest in respect thereof except as herein and in the Warrants expressly provided.

2.6 Issue in Substitution for Lost Warrant Certificates

(1) If any Warrant Certificates issued and certified under this Indenture shall become mutilated or be lost, destroyed or stolen, the Company, subject to applicable law, and Section 2.6(2), shall issue and thereupon the Warrant Agent shall certify and deliver a new Warrant Certificate of like denomination, date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be substantially in the form set out in Schedule "A" hereto and Warrants evidenced by it will entitle the holder thereof to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to this section

2.6 shall bear the reasonable cost of the issue thereof and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated Warrant Certificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Company and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Company and to the Warrant Agent in their sole discretion, acting reasonably, and such applicant may be required to furnish an indemnity and surety bond in amount and form satisfactory to the Company and the Warrant Agent in their sole discretion, acting reasonably, and shall pay the reasonable charges of the Company and the Warrant Agent in connection therewith.

2.7 Warrants to Rank *Pari Passu*

All Warrants shall rank *pari passu* with all other Warrants, whatever may be the actual date of issue of the Warrants.

2.8 Registration and Transfer of Warrants

(1) The Warrant Agent will create and keep at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta:

(a) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them and the Warrant Agent shall be entitled to rely on such register in connection with the exchange, transfer, exercise or deemed exercise of any Warrant(s) pursuant to the terms of this Indenture or the terms thereof; and

(b) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(2) No transfer of any Warrant will be valid unless entered on the register of transfers referred to in Section 2.8(1), upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, and a duly completed and executed transfer form endorsed on the Warrant Certificate or in the case of Uncertificated Warrants a duly executed transaction instruction from the holder (or such other instructions, in form satisfactory to the Warrant Agent) executed by the registered holder or his executors, administrators or other legal representatives or his attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent, if applicable, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe and all applicable securities requirements of regulatory authorities, such transfer will be recorded on the register of transfers by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee a Warrant Certificate, or in the case of an Uncertificated Warrant, the Warrant Agent shall Authenticate and deliver a Warrant Certificate upon request that part of the Uncertificated Warrant be certificated. Transfers within the systems of CDS are not the responsibility of the Warrant Agent and will not be noted on the register maintained by the Warrant Agent.

(3) The transferee of any Warrant will, after surrender to the Warrant Agent of the Warrant as required by Section 2.8(2) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the register of holders referred to in Section 2.8(1) as the owner of such Warrant free from all equities or rights of setoff or counterclaim between the Company and the transferor or any previous holder of such Warrant, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

(4) The Company will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in Section 2.8(1), if such transfer would constitute a violation of the Securities Laws of any applicable jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with applicable Securities Laws.

(5) Any Warrant issued to a transferee upon transfers contemplated by this section 2.8 shall bear the appropriate legend as set forth in Section 2.20(2), if applicable.

(6) If a Warrant tendered for transfer bears the legend set forth in Section 2.20(2), the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant and complies with the requirements of the said Section 2.20(2).

(7) Warrants, in certificated form, bearing the legend set forth in Section 2.20(2) shall not be offered, sold, pledged or otherwise transferred, directly or indirectly, except (A) to the Company; (B) outside the United States in compliance with Rule 904 of Regulation S, if available, and in compliance with applicable local laws and regulations; (C) pursuant to an exemption from registration under the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, if available, and in compliance with applicable U.S. state securities laws; (D) in compliance with another exemption from registration under the U.S. Securities Act and applicable state securities laws; or (E) under an effective registration statement under the U.S. Securities Act, provided that in the case of transfers pursuant to (C)(i) or (D) above, a legal opinion or other evidence, reasonably satisfactory to the Company, must first be provided to the Company and the Warrant Agent to the effect that such transfer is exempt from registration under the U.S. Securities Act and applicable state securities laws..

(8) The Warrant Agent shall give notice to the Company of the transfer made by a Warrantholder pursuant to Section 2.8(7) and the Company shall provide written authorization to proceed with the transfer before such transfer is made effective by the issuance of the Warrant.

2.9 Registers Open for Inspection

The registers referred to in Section 2.8(1) shall be open at all reasonable times during business hours on a Business Day for inspection by the Company or any Warrantholder. The Warrant Agent shall, from time to time when requested to do so in writing by the Company, furnish the Company with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Warrant Agent and showing the number of Warrants held by each such holder.

2.10 Exchange of Warrants

(1) Warrants may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrants in any other authorized denomination representing in the aggregate an equal number of Warrants as the number of Warrants represented by the Warrants being exchanged. The Company shall sign and the Warrant Agent shall Authenticate or certify, in accordance with sections 2.3 and 2.4, all Warrants necessary to carry out the exchanges contemplated herein.

(2) Warrants may be exchanged only at the principal stock transfer offices of the Warrant Agent in the City of Calgary, Alberta or at any other place that is designated by the Company with the approval of the Warrant Agent. Any Warrants tendered for exchange shall be surrendered to the Warrant Agent and cancelled.

(3) Except as otherwise herein provided, the Warrant Agent may charge Warrantholders requesting an exchange a reasonable sum for each Warrant Certificate issued; and payment of such charges and reimbursement of the Warrant Agent or the Company for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange as a condition precedent to such exchange.

2.11 Ownership of Warrants

The Company and the Warrant Agent and their respective agents may deem and treat the registered holder of any Warrant as the absolute owner of the Warrant represented thereby for all purposes and the Company and the Warrant Agent and their respective agents shall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Warrant shall be entitled to the rights evidenced by that Warrant free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction and all persons may act accordingly and the receipt by any holder of the Warrant Shares or monies obtainable pursuant to the exercise of the Warrant shall be a good discharge to the Company and the Warrant Agent for the same and neither the Company nor the Warrant Agent shall be bound to inquire into the title of any holder.

2.12 Uncertificated Warrants

(1) Registration and re-registration of beneficial interests in and transfers of Warrants held by CDS shall be made only through the Book-Entry Only System and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by CDS, as determined by the Company, from time to time. Except as provided in this section 2.12, owners of beneficial interests in any Uncertificated Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register referred to in section 2.8 herein. Notwithstanding any terms set out herein, Warrants subject to the restrictions and any legend set forth in section 2.20 herein and held in the name of CDS may only be held in the form of Uncertificated Warrants with the prior consent of the Company and CDS.

(2) If any Warrant is issued in uncertificated form and any of the following events occurs:

(a) CDS or the Company has notified the Warrant Agent that (A) CDS is unwilling or unable to continue as depository or (B) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Company is unable to locate a qualified successor depository within 90 days of delivery of such notice;

(b) the Company has determined, in its sole discretion, acting reasonably, to terminate the Book-Entry Only System in respect of such Uncertificated Warrants and has communicated such determination to the Warrant Agent in writing;

(c) the Company or CDS is required by applicable law to take the action contemplated in this section;

(d) there is an exercise of Warrants pursuant to 3.1(4) and the Warrantholder is unable to make the representations in 3.1(4) (a), (b), (c) and (d) thereto; or

(e) the Book-Entry Only System administered by CDS ceases to exist,

then one or more definitive fully registered Warrant Certificates shall be executed by the Company and certified and delivered by the Warrant Agent to CDS in exchange for the Uncertificated Warrants held by CDS. The Company shall provide an Officer's Certificate giving notice to the Warrant Agent of the occurrence of any event outlined in this Section 2.12(2).

Fully registered Warrant Certificates issued and exchanged pursuant to this section shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Uncertificated Warrants so exchanged. Upon exchange of Uncertificated Warrants for one or more Warrant Certificates in definitive form, such Uncertificated Warrants shall be cancelled by the Warrant Agent.

(3) Subject to the provisions of this section 2.12, any exchange of Warrants for Warrants which are not Uncertificated Warrants may be made in whole or in part in accordance with the provisions of section 2.10, *mutatis mutandis*. All such Warrants issued in exchange for Uncertificated Warrants or any portion thereof shall be registered in such names as CDS for such Uncertificated Warrants shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to Uncertificated Warrants) as the Uncertificated Warrants or portion thereof surrendered upon such exchange.

(4) Every Warrant Authenticated upon registration of transfer of Uncertificated Warrants, or in exchange for or in lieu of Uncertificated Warrants or any portion thereof, whether pursuant to this section 2.12, or otherwise, shall be Authenticated in the form of, and shall be, an Uncertificated Warrant, unless such Warrant is registered in the name of a person other than CDS for such Uncertificated Warrant or a nominee thereof.

(5) Notwithstanding anything to the contrary in this Indenture, subject to Applicable Legislation, the Warrants to be issued to CDS or a nominee thereof will be issued as an Uncertificated Warrant, unless otherwise requested in writing by CDS or the Company.

(6) The rights of Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System shall be limited to those established by applicable law and agreements between CDS and the Participants and between such Participants and the Beneficial Owners of Warrants who hold securities entitlements in respect of the Warrants through the Book-Entry Only System, and such rights must be exercised through a Participant in accordance with the rules and procedures of CDS.

(7) Notwithstanding anything herein to the contrary, neither the Company nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(a) the electronic records maintained by CDS relating to any ownership interests or any other interests in the Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by an electronic position in the Book-Entry Only System (other than CDS or its nominee);

(b) maintaining, supervising or reviewing any records of CDS or any Participant relating to any such interest; or

(c) any advice or representation made or given by CDS or those contained herein that relate to the rules and regulations of CDS or any action to be taken by CDS on its own direction or at the direction of any Participant.

(8) The Company may terminate the application of this section 2.12 in its sole discretion, acting reasonably, in which case all Warrants shall be evidenced by Warrant Certificates registered in the name(s) of a person other than CDS.

2.13 Adjustment of Exchange Basis

Subject to section 2.14, the Exchange Basis shall be subject to adjustment from time to time in the events and in the manner provided as follows:

(1) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall:

(a) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants); or

(b) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares; or

(c) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these paragraphs (a), (b) or (c) being called a **"Common Share Reorganization"),** then the Exchange Basis in effect on the effective date of such subdivision or consolidation, or on the record date of such stock dividend or other distribution, as the case may be, shall be adjusted by multiplying the Exchange Basis in effect immediately prior to such effective or record date by a fraction:

(a) the numerator of which shall be the total number of Common Shares outstanding on such date immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date, assuming in any case where such securities are not then convertible or exchangeable but subsequently become so, that they were convertible or exchangeable on the record date on the basis upon which they first become convertible or exchangeable), and

(b) the denominator of which shall be the total number of Common Shares outstanding on such date before giving effect to such Common Share Reorganization.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. To the extent that any adjustment in the Exchange Basis occurs pursuant to this Section 2.13(1) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable for or convertible into Common Shares and the Common Share Reorganization does not occur or any conversion or exchange rights are not fully exercised, the Exchange Basis shall be readjusted immediately after the expiry of any relevant exchange or conversion right or the termination of the Common Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Common Shares actually issued and remaining issuable pursuant to the Common Share Reorganization after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(2) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of rights, options or warrants entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the Current Market Price on such record date (any of such events being called a **"Rights Offering"),** then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of all of the rights, options or warrants under the Rights Offering and assuming the exchange for or conversion into Common Shares of all exchangeable or convertible securities issued upon exercise of such rights, options or warrants, if any), and

(b) the denominator of which shall be the aggregate of:

(i) the total number of Common Shares outstanding as of the record date for the Rights Offering, and

(ii) a number of Common Shares determined by dividing

(A) the amount equal to the aggregate consideration payable on the exercise of all of the rights, options and warrants under the Rights Offering plus the aggregate consideration, if any, payable on the exchange or conversion of the exchangeable or convertible securities issued upon exercise of such rights, options or warrants (assuming the exercise of all rights, options and warrants under the Rights Offering and assuming the exchange or conversion of all exchangeable or convertible securities issued upon exercise of such rights, options and warrants);

by

(B) the Current Market Price as of the record date for the Rights Offering.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership in which the Company is directly or indirectly a party will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange or conversion of any securities issued pursuant to the Rights Offering less than all of such securities have been exchanged or converted into Common Shares, then the Exchange Basis shall be readjusted immediately after the date of expiry to the Exchange Basis that would have been in effect on the date of expiry if only the exchangeable or convertible securities issued had been those securities actually exchanged for or converted into Common Shares.

(3) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall fix a record date for the issuance or distribution to all or substantially all the holders of its outstanding Common Shares of:

(a) shares of the Company of any class other than Common Shares; or
(b) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares; or

(c) evidences of indebtedness; or

(d) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a **"Special Distribution"),** the Exchange Basis shall be adjusted effective immediately after such record date for the Special Distribution by multiplying the Exchange Basis in effect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, and

(b) the denominator of which shall be:

(A) the number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less

(B) the fair market value, as determined by action by the board of directors acting reasonably and in good faith (whose determination, absent manifest error, shall be conclusive), to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or securities, property or other assets issued or distributed in the Special Distribution provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 2. Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership of which the Company is directly or indirectly a party, will be deemed not to be outstanding for the purpose of any such computation.

(4) If and whenever, at any time after the date hereof and prior to the Time of Expiry, there shall be a reclassification of the Common Shares at any time outstanding or change or exchange of the Common Shares into or for other shares or into or for other securities or property (other than a Common Share Reorganization), or a consolidation, amalgamation, arrangement or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change or exchange of the Common Shares into or for other shares, securities or property), or a transfer (other than to a Subsidiary) of the undertaking or assets of the Company as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a **"Capital Reorganization"),** any Warrantholder who thereafter shall exercise his right to receive Warrant Shares pursuant to Warrant(s) shall be entitled to receive, and shall accept in lieu of the number of Warrant Shares to which such holder was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Warrant Shares to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions in this Indenture with respect to the rights and interests thereafter of Warrantholders to the end that the provisions in this Indenture shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors of the Company and by the Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed to be an appropriate adjustment.

(5) Any adjustment to the Exchange Basis as set forth herein shall also include a corresponding adjustment to the Prices which shall be calculated by multiplying the Prices by a fraction: (a) the numerator of which shall be the Exchange Basis prior to the adjustment, and (b) the denominator of which shall be the Exchange Basis after the adjustment.

2.14 Rules Regarding Calculation of Adjustment of Exchange Basis

For the purposes of section 2.13:

(1) The adjustments provided for in section 2.13 shall be cumulative and such adjustments shall be made successively whenever an event referred to in section 2.13 shall occur, subject to the following subsections of this section 2.14.

(2) No adjustment in the: (a) Exchange Basis shall be required unless such adjustment would result in a change of at least 0.01 of a Warrant Share based on the prevailing Exchange Basis; or (b) the Prices shall be required unless such adjustment would result in a change of at least 1% of the Prices, provided that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

(3) No adjustment in the Exchange Basis or the Prices shall be made in respect of any event described in section 2.13, other than the events referred to in paragraphs (b) and (c) of subsection (1) thereof, if Warrantholders are entitled to participate in such event on the same terms, *mutatis mutandis,* as if Warrantholders had exercised their Warrants prior to or on the effective date or record date of such event, any such participation being subject to regulatory approval.

(4) No adjustment in the Exchange Basis or the Prices shall be made pursuant to section 2.13 in respect of (i) the issue from time to time of Warrant Shares purchasable on exercise of the Warrants and any such issue shall be deemed not to be a Common Share Reorganization; (ii) a Dividend Paid in the Ordinary Course; or (iii) a distribution of Common Shares pursuant to the exercise of stock options granted under stock option plans of the Company.

(5) If a dispute shall at any time arise with respect to adjustments provided for in section 2.13, such dispute shall, absent manifest error, be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Company, the Warrant Agent and the Warrantholders.

(6) If the Company shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(7) In the absence of a resolution of the directors fixing a record date for a Rights Offering or Special Distribution, the Company shall be deemed to have fixed as the record date therefor the date on which the Rights Offering or Special Distribution is effected.

(8) If the purchase price provided for in any Rights Offering (the **"Rights Offering Price")** is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to section 2.13(2) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of section 2.13.

(9) As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exchange Basis, the Company shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Company have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(10) In case the Company, after the date hereof, shall take any action affecting any Common Shares, other than action described in section 2.13, which in the opinion of the directors acting reasonably and in good faith would materially affect the rights of Warrantholders, the Exchange Basis shall be adjusted in such manner, if any, and at such time, as the directors, in their sole discretion acting reasonably and in good faith, may determine to be equitable in the circumstances. Failure of the taking of any action by the directors so as to provide for an adjustment in the Exchange Basis prior to the effective date of any action by the Company affecting the Common Shares shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.

(11) The Warrant Agent shall be entitled to act and rely on any adjustment calculations by the Company or the Company's Auditors.

2.15 Postponement of Subscription

In any case where the application of section 2.13 results in an increase in the number of Common Shares that are issuable upon exercise of the Warrants taking effect immediately after
the record date for a specific event, if any Warrant is exercised after that record date and prior to completion of such specific event, the Company may postpone the issuance to the Warrantholder of the Warrant Shares to which he is entitled by reason of such adjustment, but such Warrant Shares shall be so issued and delivered to that holder upon completion of that event, with the number of such Warrant Shares calculated on the basis of the number of Warrant Shares on the date that the Warrant was exercised, adjusted for completion of that event and the Company shall deliver to the person or persons in whose name or names the Warrant Shares are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Warrant Shares and the right to receive any dividends or other distributions which, but for the provisions of this section 2.15, such person or persons would have been entitled to receive in respect of such Warrant Shares from and after the date that the Warrant was exercised in respect thereof.

2.16 Notice of Adjustment

(1) At least 14 days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to section 2.13, the Company shall:

(a) file with the Warrant Agent a certificate of the Company specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based; and

(b) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(2) In case any adjustment for which a notice in Section 2.16(1) has been given is not then determinable, the Company shall promptly after such adjustment is determinable:

(a) file with the Warrant Agent a computation of such adjustment; and

(b) give notice to the Warrantholders of the adjustment.

(3) The Warrant Agent may and shall be protected in so doing, absent manifest error, act and rely upon certificates of the Company and other documents filed by the Company pursuant to this section 2.16 for all purposes of the adjustment.

2.17 No Action after Notice

The Company covenants with the Warrant Agent that it will not close its books nor take any other corporate action which might deprive a Warrantholder of the opportunity of exercising the rights of acquisition pursuant thereto during the period of 10 days after the giving of the notice set forth in paragraph (b) of Sections 2.16(1) and (2).

2.18 Purchase of Warrants for Cancellation

The Company may, at any time and from time to time, purchase Warrants by invitation to tender, by private contract, on any stock exchange (if then listed) or otherwise (which shall include a purchase through an investment dealer or firm holding membership on a Canadian stock exchange) on such terms as the Company may determine. All Warrants purchased pursuant to the provisions of this section 2.18 shall be forthwith delivered to and cancelled by the Warrant Agent and shall not be reissued. If required by the Company, the Warrant Agent shall furnish the Company with a certificate as to such destruction.

2.19 Protection of Warrant Agent

The Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any registered holder of Warrants to determine whether any facts exist that may require any adjustment contemplated by this Article 2, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;

(b) be accountable with respect to the validity or value or the kind or amount of any Warrant Shares or of any other securities or property that may at any time be issued or delivered upon the exercise of the Warrants;

(c) be responsible for any failure of the Company to make any cash payment, to issue, transfer or deliver Warrant Shares or certificates upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in section 2.13; or

(d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the representations, warranties or covenants of the Company or any acts or deeds of the agents or servants of the Company.

2.20 U.S. Legend on Warrant Certificates and Warrant Share certificates

(1) The Warrant Agent understands and acknowledges that the Warrants and the Warrant Shares issuable upon exercise of the Warrants have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States.

(2) Each Warrant, in certificated form, originally issued in the United States or, to or for the account or benefit of, a U.S. Person, and all Warrant Shares issued upon exercise of such Warrants, and all certificates issued in exchange or in substitution thereof or upon transfer thereof, shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY *[for Warrants, add:* AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF] HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY *[for Warrants, add:* AND THE SECURITIES ISSUABLE ON EXERCISE
HEREOF] MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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."

[for Warrants, include-. "THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."]

provided that, if the Warrants or Warrant Shares issuable upon exercise of the Warrants are being sold in accordance with Rule 904 of Regulation S, the legend may be removed by providing to the Warrant Agent or the Transfer Agent, as the case may be, (i) a declaration in the form attached hereto as Schedule "B" (or as the Company may prescribe from time to time in order to address changes in applicable laws) and (ii) if required by the Transfer Agent, an opinion of counsel, of recognized standing reasonably satisfactory to the Company, or other evidence reasonably satisfactory to the Company, that the proposed transfer may be effected without registration under the U.S. Securities Act.

provided further, that if the Warrants or Warrant Shares are being sold pursuant to Rule 144 under the U.S. Securities Act, if available, the legend may be removed by delivering to the Company and the Warrant Agent or the Transfer Agent, as the case may be, an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

(3) If a Warrant or Warrant Share issued with respect to an exercise of Warrants is tendered for transfer and bears the legend set forth in Section 2.20(2) herein and the holder thereof has not obtained the prior written consent of the Company, the Warrant Agent or the
Transfer Agent, as the case may be, shall not register such transfer unless the holder complies with the requirements of the said Section 2.20(2) hereof.

ARTICLE 3
EXERCISE OF WARRANTS

3.1 Method of Exercise of Warrants

(1) The registered holder of any Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Warrant Shares to which such Warrant entitles the holder, by surrendering the Warrant Certificate representing such Warrants to the Warrant Agent at any time prior to the Time of Expiry at its principal stock transfer offices in the City of Calgary, Alberta (or at such additional place or places as may be decided by the Company from time to time with the approval of the Warrant Agent), with a duly completed and executed exercise form of the registered holder or his executors, administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, substantially in the form endorsed on the Warrant Certificate specifying the number of Warrant Shares subscribed for together with a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Company in an amount equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for. A Warrant Certificate with the duly completed and executed exercise form and payment of the Exercise Price shall be deemed to be surrendered only upon personal delivery thereof to or, if sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent.

(2) Any exercise form referred to in Section 3.1(1) shall be signed by the Warrantholder, or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, but such exercise form need not be executed by CDS. Such exercise form shall specify the person(s) in whose name such Warrant Shares are to be issued, the address(es) of such person(s) and the number of Warrant Shares to be issued to each person, if more than one is so specified. If any of the Warrant Shares subscribed for are to be issued to person(s) other than the Warrantholder, the Warrantholder shall also complete the transfer form, substantially in the form endorsed on the Warrant Certificate. The signatures set out in the exercise form referred to in Section 3.1(1) and the signatures set out in the transfer form shall be guaranteed by a Canadian Schedule 1 chartered bank or a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program and the Warrantholder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing Warrant Shares unless or until such Warrantholder shall have paid to the Company or the Warrant Agent on behalf of the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid or that no tax is due.

(3) If, at the time of exercise of the Warrants, in accordance with the provisions of Section 3.1(1), there are any trading restrictions on the Warrant Shares pursuant to applicable Securities Laws or stock exchange requirements, the Company shall, on the advice of counsel, endorse any certificates representing the Warrant Shares to such effect. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company.

(4) A Beneficial Owner who desires to exercise his, her or its Uncertificated Warrants, must do so by causing a Participant to deliver to CDS (at its office in the City of Toronto, Ontario), on behalf of the Beneficial Owner at any time prior to the Time of Expiry, a written notice of the Beneficial Owner's intention to exercise Warrants (the **"Exercise Notice");** provided, that a Beneficial Owner holding Uncertificated Warrants that is in the United States or that is a U.S. Person will first request the withdrawal of the Uncertificated Warrant(s) from the Book-Entry Only System and request certificated Warrant(s) in exchange for such Uncertificated Warrant(s). Forthwith upon receipt by CDS of such notice, as well as payment for the Exercise Price, CDS shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (the **"Confirmation")** in a manner acceptable to the Warrant Agent, including by electronic means through the Book-Entry Only System, including CDSX. An electronic exercise of the Warrants initiated by the Beneficial Owner through a Book-Entry Only System, including CDSX, shall constitute a representation to both the Company and the Warrant Agent that the Beneficial Owner at the time of exercise of such Warrants (a) is not in the United States; (b) did not acquire the Warrants in the United States or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (c) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a person in the United States; and (d) did not execute or deliver the notice of the owner's intention to exercise such Warrants in the United States. If the Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be withdrawn from the Book-Entry Only System, including CDSX, by the Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such Beneficial Owner or Participant and the exercise procedures set forth in Section 3.1(1) shall be followed. Payment representing the aggregate Exercise Price must be provided to the appropriate office of the Participant in a manner acceptable to it. A notice in form acceptable to the Participant and payment from such Beneficial Owner should be provided through the Book-Entry Only System sufficiently in advance so as to permit the Participant to deliver notice and payment to CDS and for CDS in turn to deliver notice and payment to the Warrant Agent prior to Time of Expiry. CDS will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to CDS through the Book- Entry Only System the Warrant Shares to which the exercising Beneficial Owner is entitled pursuant to the exercise. Any expense associated with the preparation and delivery of Exercise Notices will be for the account of the Beneficial Owner exercising the Warrants.

(5) By causing a Participant to deliver notice to CDS, a Warrantholder shall be deemed to have irrevocably surrendered his, her or its Warrants so exercised and appointed such Participant to act as his, her or its exclusive settlement agent with respect to the exercise and the receipt of Warrant Shares in connection with the obligations arising from such exercise.

(6) Any notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Participant to exercise or to give effect to the settlement thereof in accordance with the Beneficial Owner's instructions will not give rise to any obligations or liability on the part of the Company or Warrant Agent to the Participant or the Beneficial Owner.

(7) Any exercise referred to in this section 3.1 shall require that the entire Exercise Price for the Warrant Shares subscribed for must be paid at the time of subscription and such Exercise Price and original Exercise Notice or exercise form executed by the Registered Warrantholder or the Confirmation from CDS must be received by the Warrant Agent prior to the Time of Expiry.

(8) Warrants may only be exercised pursuant to this section 3.1 by or on behalf of a Warrantholder, as applicable, who makes the certifications set forth on the exercise form substantially in the form endorsed on the Warrant Certificate.

(9) If the exercise form set forth in the Warrant Certificate shall have been amended, the Company shall cause the amended exercise form to be forwarded to all registered Warrantholders.

(10) Exercise forms, Exercise Notices and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Time of Expiry. Any exercise form, Exercise Notice or Confirmation received by the Warrant Agent after business hours on any Business Day other than the Time of Expiry will be deemed to have been received by the Warrant Agent on the next following Business Day.

(11) Any Warrant with respect to which a Confirmation is not received by the Warrant Agent before the Time of Expiry shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.

3.2 No Fractional Shares

Under no circumstances shall the Company be obliged to issue any fractional Warrant Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Warrant Share, that holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Warrant Shares.

3.3 Effect of Exercise of Warrants

(1) Upon compliance by the Warrantholder with the provisions of section 3.1, the Warrant Shares subscribed for shall be deemed to have been issued and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the Exercise Date unless the transfer registers of the Company for the Common Shares shall be closed on such date, in which case the Warrant Shares subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer registers are reopened.

(2) The Warrant Agent shall as soon as practicable account to the Company with respect to Warrants exercised, and shall as soon as practicable forward to the Company (or into an account or accounts of the Company with the bank or trust company designated by the Company for that purpose), all monies received by the Warrant Agent on the subscription of Warrant Shares through the exercise of Warrants. All such monies and any securities or other instruments, from time to time received by the Warrant Agent, shall be received in trust for the Warrantholders and the Company as their interests may appear and shall be segregated and kept apart by the Warrant Agent.

(3) Within five Business Days following the due exercise of a Warrant pursuant to section 3.1, the Company shall cause the Transfer Agent to issue and the Warrant Agent to deliver, within such five Business Day period, to CDS through the Book-Entry Only System the
Warrant Shares to which the exercising Warrantholder is entitled pursuant to the exercise or mail to the person in whose name the Warrant Shares so subscribed for are to be issued, as specified in the exercise form completed on the Warrant Certificate, at the address specified in such exercise form, a certificate or certificates for the Warrant Shares to which the Warrantholder is entitled or, if so specified in writing by the holder, cause to be delivered to such person or persons at the office of the Warrant Agent where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Warrant Shares subscribed for, or any other appropriate evidence of the issuance of Warrant Shares to such person or persons in respect of Warrant Shares issued under the Book-Entry Only System and, if applicable, shall cause the Warrant Agent to mail a Warrant Certificate representing any Warrants not then exercised.

3.4 Cancellation of Warrants

All Warrants surrendered to the Warrant Agent pursuant to sections 2.6, 2.8(2), 2.10 or
3.1 shall be cancelled by the Warrant Agent and the Warrant Agent shall record the cancellation of such Warrants on the register of holders maintained by the Warrant Agent pursuant to Section 2.8(1). The Warrant Agent shall, if required by the Company, furnish the Company with a certificate identifying the Warrants so cancelled. All Warrants that have been duly cancelled shall be without further force or effect whatsoever.

3.5 Subscription for less than Entitlement

The holder of any Warrant may subscribe for and purchase a whole number of Warrant Shares that is less than the number that the holder is entitled to purchase pursuant to a surrendered Warrant. In such event, the holder thereof shall be entitled to receive a new Warrant Certificate in respect of the balance of Warrants that were not then exercised, such new Warrant Certificate to contain the same legend as provided for in Section 2.20(2), if applicable.

3.6 Expiration of Warrant

After the Time of Expiry, all rights under any Warrant in respect of which the right of subscription and purchase herein and therein provided for shall not theretofore have been exercised shall wholly cease and terminate and such Warrant shall be void and of no effect.

3.7 Prohibition on Exercise by U.S. Persons; Exception

(1) Warrants may not be exercised within the United States or by or on behalf of, or for the account or benefit of, any U.S. Person or any person in the United States unless an exemption is available from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Warrant Agent shall be entitled to rely upon the registered address of the Warrantholder as set forth in the Warrantholders register for the purchase of Units in determining whether the address is in the United States or the Warrantholder is a U.S. Person.

(2) Any holder which exercises any Warrants shall provide to the Company either:

(a) a written certification that such holder (a) at the time of exercise of the Warrants is not in the United States; (b) is not a U.S. Person and is not exercising the Warrants on behalf of a U.S. Person or person in the
United States; (c) did not execute or deliver the exercise form for the Warrants in the United States; and (d) has in all other aspects complied with the terms of an "offshore transaction" as defined under Regulation S (which written certification shall be deemed delivered by checking Box 1 in the Exercise Form attached to the Warrant, as provided for in Schedule “A” hereof); or

(b) a written certification that the holder (i) purchased the Warrants as part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Qualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder’s QIB Letter remain true and correct on the Exercise Date (which written certification shall be deemed delivered by checking Box 2 in the Exercise Form attached to the Warrant, as provided for in Schedule “A” hereof); or

(c) a written opinion of counsel of recognized standing in form and substance satisfactory to the Company or evidence satisfactory to the Company to the effect that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available for the issuance of the Warrant Shares issuable on exercise of the Warrants.

(3) No Warrant Shares will be registered or delivered to an address in the United States unless the holder of Warrants complies with the requirements of paragraph (b) or (c) of Section 3.7(2).

ARTICLE 4
COVENANTS FOR WARRANTHOLDERS' BENEFIT

4.1 General Covenants of the Company

The Company represents, warrants and covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that:

(1) The Company will at all times, so long as any Warrants remain outstanding or issuable hereunder, maintain its existence, unless otherwise inconsistent with the fiduciary duties of the board of directors of the Company, and will keep or cause to be kept proper books of account in accordance with applicable law until the Time of Expiry.

(2) The Company is duly authorized to create and issue the Warrants to be issued hereunder and the Warrants, when issued, Authenticated and countersigned, as applicable, will be legal, valid, binding and enforceable obligations of the Company.

(3) The Company will reserve and keep available a sufficient number of Warrant Shares for the purpose of enabling the Company to satisfy its obligations to issue Common Shares upon the exercise of the Warrants, and all Warrants Shares shall, when issued as provided herein, be valid and enforceable against the Company.

(4) The Company will cause the Warrant Shares from time to time subscribed for pursuant to the Warrants issued by the Company hereunder, in the manner herein provided, to be duly issued in accordance with the Warrants and the terms hereof.

(5) All Warrant Shares that shall be issued by the Company upon exercise of the rights provided for herein shall be issued as fully paid and non-assessable Common Shares of the Company.

(6) The Company will use commercially reasonable efforts to ensure that the Warrants, and the Common Shares outstanding on the date hereof and issuable from time to time on the exercise of the Warrants, continue to be or are listed and posted for trading on the CSE (or such other Canadian stock exchange acceptable to the Company), provided that this Section 4.1(6) shall not be construed as limiting or restricting the Company from completing a consolidation, amalgamation, arrangement, takeover bid, merger or other form of business combination that would result in the Warrants and/or the Common Shares ceasing to be listed and posted for trading on such exchanges, so long as the holders of Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the policies of such exchanges or the holders of Common Shares receive securities of an entity which is listed on a stock exchange in North America or cash.

(7) Except to the extent that the Company participates in a takeover bid, consolidation, merger, arrangement, amalgamation, or other form of business combination transaction, the Company will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) in each of the provinces of Canada and other Canadian jurisdictions in which it is currently or becomes a reporting issuer, make all requisite filings under applicable Securities Laws including those necessary to remain a reporting issuer not in default of the requirements of the applicable Securities Laws of such province or jurisdiction, until the Time of Expiry.

(8) The Company will perform and carry out all of the acts or things to be done by it as provided in this Indenture.

(9) The Company will not take any action or omit to take any action which would have the effect of preventing the Warrantholders from receiving any of the Warrant Shares issuable upon the exercise of the Warrants.

(10) The Company will promptly advise the Warrant Agent and the Warrantholders in writing of any breach or default under the terms of this Indenture no later than five Business Days following the occurrence of such breach or default.

(11) If, in the opinion of counsel, any instrument is required to be filed with, or any permission, order or ruling is required to be obtained from any securities regulatory authority, or any other step is required under any federal or provincial law of Canada before the Warrant Shares may be issued and delivered to a Warrantholder, the Company covenants that it will use its best efforts to file such instrument, obtain such permission, order or ruling or take all such other actions, at its expense, as is required or appropriate in the circumstances.

4.2 Warrant Agent's Remuneration and Expenses

The Company covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements and advances incurred or made by the Warrant Agent in the administration or execution of the trusts hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

4.3 Performance of Covenants by Warrant Agent

Subject to section 8.7, if the Company shall fail to perform any of its covenants contained in this Indenture and the Company has not rectified such failure within 25 Business Days after either giving notice of such default pursuant to Section 4.1(10) or receiving written notice from the Warrant Agent of such failure, the Warrant Agent may notify the Warrantholders of such failure on the part of the Company or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants. All reasonable sums expended or disbursed by the Warrant Agent in so doing shall be repayable as provided in section 4.2. No such performance, expenditure or advance by the Warrant Agent shall be deemed to relieve the Company of any default hereunder or of its continuing obligations under the covenants herein contained.

4.4 Enforceability of Warrants

The Company covenants and agrees that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and Authenticated as herein provided, will be valid and enforceable against the Company in accordance with the provisions hereof and that, subject to the provisions of this Indenture, the Company will cause the Warrant Shares from time to time acquired upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

ARTICLE 5

ENFORCEMENT

5.1 Suits by Warrantholders

Subject to section 6.10, all or any of the rights conferred upon a Warrantholder by the terms of the Warrants held by him and/or this Indenture may be enforced by such Warrantholder by appropriate legal proceedings but without prejudice to the right that is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the holders of the Warrants from time to time outstanding. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

5.2 Limitation of Liability

The obligations hereunder (including without limitation under Section 8.7(5)) are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Company or any of the past, present or future officers, employees or agents of the Company, but only the property of the Company (or any successor person) shall be bound in respect hereof.

5.3 Waiver of Default

Upon the happening of any default hereunder:

(a) the Warrantholders of not less than 50% plus 1 of the Warrants then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

(b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, on the advice of counsel, if, in the Warrant Agent's opinion, based on the advice of counsel, the same shall have been cured or adequate provision made therefor,

provided that no delay or omission of the Warrant Agent or of the Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warrantholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 6
MEETINGS OF WARRANTHOLDERS

6.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Company or of a Warrantholders' Request, convene a meeting of the Warrantholders provided that the Warrant Agent has been provided with sufficient funds and is indemnified to its reasonable satisfaction by the Company or by the Warrantholders signing such Warrantholders' Request against the costs, charges, expenses and liabilities that may be incurred in connection with the calling and holding of such meeting. If within 15 Business Days after the receipt of a written request of the Company or a Warrantholders' Request, funding and indemnity given as aforesaid the Warrant Agent fails to give the requisite notice specified in section 6.2 to convene a meeting, the Company or such Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Warrant Agent.

6.2 Notice

At least 14 days prior notice of any meeting of Warrantholders shall be given to the Warrantholders at the expense of the Company in the manner provided for in section 9.2 and a copy of such notice shall be delivered to the Warrant Agent unless the meeting has been called by it, and to the Company unless the meeting has been called by it. Such notice shall state the date, time and place of the meeting, the general nature of the business to be transacted and shall contain such information as is reasonably necessary to enable the Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 6. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or of the Company or the person designated by such Warrantholders, as the case may be.

6.3 Chairman

The Warrant Agent may nominate in writing an individual (who need not be a Warrantholder) to be chairman of the meeting and if no individual is so nominated, or if the individual so nominated is not present within 15 minutes after the time fixed for the holding of the meeting, the Warrantholders present in person or by proxy shall appoint an individual present to be chairman of the meeting. The chairman of the meeting need not be a Warrantholder.

6.4 Quorum

Subject to the provisions of section 6.11, at any meeting of the Warrantholders a quorum shall consist of two Warrantholders present in person or represented by proxy and representing at least 20% of the aggregate number of Warrants then outstanding. If a quorum of the Warrantholders shall not be present within one-half hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place to the extent possible and, subject to the provisions of section 6.11, no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting that might have been dealt with at the original meeting in accordance with the notice calling the same. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not represent at least 20% of the aggregate number of Warrants then unexercised and outstanding. No business shall be transacted at any meeting, except an adjourned meeting as described above, unless a quorum is present at the commencement of business.

6.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

6.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

6.7 Poll and Voting

On every extraordinary resolution, and when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy on any other question submitted to a meeting and after a vote by show of hands, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll. On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each whole Warrant then held by her. A proxy need not be a Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by her.

6.8 Regulations

Subject to the provisions of this Indenture, the Warrant Agent or the Company with the approval of the Warrant Agent may from time to time make and from time to time vary such regulations as it shall consider necessary or appropriate generally for the calling of meetings of Warrantholders and the conduct of business thereat including setting a record date for Warrantholders entitled to receive notice of or to vote at such meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to section 6.9), shall be Warrantholders or persons holding proxies of Warrantholders.

6.9 Company, Warrant Agent and Counsel may be Represented

The Company and the Warrant Agent, by their respective directors, officers and employees and the counsel for each of the Company, the Warrantholders and the Warrant Agent may attend any meeting of the Warrantholders and speak thereat but shall not be entitled to vote unless in their capacities as Warrantholders or proxies therefor.

6.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warrantholders at a meeting shall have the power, exercisable from time to time by extraordinary resolution:

(a) to agree with the Company to any modification, alteration, compromise or arrangement of the rights of Warrantholders and/or the Warrant Agent in its capacity as Warrant Agent hereunder (subject to the Warrant Agent's approval) or on behalf of the Warrantholders against the Company, whether such rights arise under this Indenture or the Warrants or otherwise;

(b) to amend, modify or repeal any extraordinary resolution previously passed or sanctioned by the Warrantholders;

(c) to direct or authorize the Warrant Agent (subject to the Warrant Agent receiving funding and indemnity) to enforce any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;

(d) to waive, authorize and direct the Warrant Agent to waive any default on the part of the Company in complying with any provisions of this Indenture or the Warrants either unconditionally or upon any conditions specified in such extraordinary resolution;

(e) to restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Company for the enforcement of any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders;

(f) to direct any Warrantholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with any such suit, action or proceeding, upon payment of the costs, charges and expenses reasonably and properly incurred by such Warrantholder in connection therewith;

(g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Company, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission; and

(h) with the consent of the Company, such consent not to be unreasonably withheld, to remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed.

6.11 Meaning of "Extraordinary Resolution"

(1) The expression **"extraordinary resolution"** when used in this Indenture means, subject as hereinafter in this section **6.11** and in section **6.14** provided, a resolution proposed at a meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 6 at which there are present in person or by proxy at least two Warrantholders representing at least 20% of the aggregate number of all the then outstanding
Warrants and passed by the affirmative votes of Warrantholders representing not less than 66%% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution.

(2) If, at any meeting called for the purpose of passing an extraordinary resolution, Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy within one-half hour after the time appointed for the meeting, then the meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 10 Business Days later, and to such place and time as may be appointed by the chairman. Not less than three Business Days prior notice shall be given of the time and place of such adjourned meeting in the manner provided in sections 9.1 and 9.2. Such notice shall state that at the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 6.11(1) shall be an extraordinary resolution within the meaning of this Indenture notwithstanding that Warrantholders representing at least 20% of all the then outstanding Warrants are not present in person or represented by proxy at such adjourned meeting.

(3) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

6.12 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantholders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholders to exercise such powers or combination of powers then or thereafter from time to time.

6.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Warrantholders as aforesaid shall be made and duly entered in books to be provided for that purpose by the Warrant Agent at the expense of the Company and any minutes as aforesaid, if signed by the chairman of the meeting at which resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Warrantholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken, to have been duly passed and taken.

6.14 Instruments in Writing

All actions that may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 6 may also be taken and exercised by Warrantholders representing a majority, or in the case of an extraordinary resolution at least 66%%, of the aggregate number of all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by attorney duly appointed in writing, and the expression "extraordinary resolution" when used in this Indenture shall include an instrument so signed.

6.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 6 at a meeting of Warrantholders shall be binding upon all the Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Warrantholders in accordance with section 6.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing. In the case of an instrument in writing, the Warrant Agent shall give notice in the manner contemplated in sections 9.1 and 9.2 of the effect of the instrument in writing to all Warrantholders and the Company as soon as is reasonably practicable.

6.16 Holdings by the Company or Subsidiaries of the Company Disregarded

In determining whether Warrantholders are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Company or its Subsidiaries or in partnership of which the Company is directly or indirectly a party to shall be disregarded.

6.17 Common Shares or Warrants Owned by the Company or its Subsidiaries - Certificate to be Provided

For the purpose of disregarding any Warrants owned legally or beneficially by the Company in section 6.16, the Company shall provide to the Warrant Agent, upon written request, a certificate of the Company setting forth as at the date of such certificate:

(a) the names (other than the name of the Company) of the Warrantholders which, to the knowledge of the Company, hold Warrants that are owned by or held for the account of the Company; and

(b) the number of Warrants owned legally or beneficially by the Company,

and the Warrant Agent, in making the computations in section 6.16, shall be entitled to rely on such certificate without any additional evidence.

ARTICLE 7
SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES

7.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Company (if properly authorized by its directors) and the Warrant Agent may, subject to the provisions hereof, and they shall, when so directed in accordance
with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) providing for the issuance of additional Warrants hereunder including Warrants in excess of the number set out in section 2.1 and any consequential amendments hereto as may be required by the Warrant Agent, relying on the advice of counsel;

(b) setting forth adjustments in the application of Article 2;

(c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel are necessary or advisable, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(d) giving effect to any extraordinary resolution passed as provided in Article
6;

(e) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(f) adding to or amending the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants and making any modification in the form of the Warrant Certificate that does not affect the substance thereof;

(g) amending any of the provisions of this Indenture or relieving the Company from any of the obligations, conditions or restrictions herein contained, provided that no such amendment or relief shall be or become operative or effective if, in the opinion of the Warrant Agent, relying on the advice of counsel, such amendment or relief impairs any of the rights of the Warrantholders as a group or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any supplemental indenture that in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative; and

(h) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors or omissions herein, provided that, in the opinion of the Warrant Agent, relying on the advice of counsel, the rights of the Warrant Agent and the Warrantholders as a group are in no way prejudiced thereby.

7.2 Successor Companies

In the case of the amalgamation, consolidation, arrangement, merger or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to or with another person (a **"successor company"),** the successor company resulting from the amalgamation, consolidation, arrangement, merger or transfer (if not the Company) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Company and the successor company shall by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, expressly assume those obligations.

ARTICLE 8
CONCERNING THE WARRANT AGENT

8.1 Indenture Legislation

(1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(2) The Company and the Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefit of Applicable Legislation.

8.2 Rights and Duties of Warrant Agent

(1) The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

(2) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith with a view to the best interests of the Warrantholders and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from, or require any other person to indemnify the Warrant Agent against liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(3) The Warrant Agent shall not be bound to do or take any act, action or proceeding for the enforcement of any of the obligations of the Company under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding that the Warrant Agent is requested to take. The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and its counsel to protect and hold harmless the Warrant Agent, its officers, directors, employees, agents, successors and assigns against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(4) The Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts.

(5) Every provision of this Indenture that, by its terms, relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

(6) The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereunder unless and until it shall have been required to do so under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall specifically set out the default desired to be brought to the attention of the Warrant Agent and in the absence of such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has occurred or been made in the performance or observance of the representations, warranties and covenants, agreements or conditions herein contained. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

(7) In this Indenture, whenever confirmations or instructions are required to be given to the Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

8.3 Evidence, Experts and Advisers

(1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Company shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof and in such form as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Company.

(2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely absolutely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, written requests, consents, or orders of the Company, certificates of the Company or other evidence furnished to the Warrant Agent pursuant to any provision hereof or of Applicable Legislation or pursuant to a request of the Warrant Agent, provided that such evidence complies with Applicable Legislation and that the Warrant Agent complies with Applicable Legislation and that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture. The Warrant Agent shall be under no responsibility in respect of the validity of this Indenture or the execution and delivery hereof by or on behalf of the Company or in respect of the validity or the execution of any Warrant Certificate by the Company and issued hereunder, nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Indenture or in any such Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this Indenture and/or in any Warrant or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable.

(3) Whenever provided for in this Indenture or Applicable Legislation requires that the Company deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Company to have the Warrant Agent take the action to be based thereon.

(4) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by a certificate of a notary public or other person with similar powers that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(5) The Warrant Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties. The Warrant Agent has sole discretion and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter or other paper document received in facsimile or e-mail form.

(6) The Warrant Agent may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and shall pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any counsel and shall not be responsible for any misconduct or negligence on the part of any of them who has been selected with due care by the Warrant Agent. Any reasonable remuneration paid by the Warrant Agent shall be paid by the Company in accordance with section 4.2.

(7) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Company or the Warrant Agent, in relation to any matter arising in fulfilling its duties and obligations hereof.

(8) The Warrant Agent may, as a condition precedent to any action to be taken by it under this Indenture, require such opinions, statutory declarations, reports, certificates or other evidence as it, acting reasonably, considers necessary or advisable in the circumstances.

(9) The Warrant Agent is not required to expend or place its own funds at risk in executing its duties and obligations.

8.4 Securities, Documents and Monies Held by Warrant Agent

(1) Any securities, documents of title, monies or other instruments that may at any time be held by the Warrant Agent subject to the duties and obligations hereof, for the benefit of the Company, may be placed in the deposit vaults of the Warrant Agent or of any Schedule 1 Canadian chartered bank under the *Bank Act* (Canada) or deposited for safekeeping with any such bank or the Warrant Agent. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held, invested and reinvested in "Permitted Investments" as directed in writing by the Company. "Permitted Investments" shall be treasury bills guaranteed by the Government of Canada having a term to maturity not to exceed ninety (90) days, or term deposits or bankers' acceptances of a Canadian chartered bank having a term to maturity not to exceed ninety (90) days, or such other investments that is in accordance with the Warrant Agent's standard type of investments. Unless otherwise specifically provided herein, all interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Company and shall be paid to the Company upon discharge of this Indenture.

(2) Any written direction for the investment or release of funds received shall be received by the Warrant Agent by 9:00 a.m. (Calgary time) on the Business Day on which such investment or release is to be made, failing which such direction will be handled on a commercially reasonable efforts basis and may result in funds being invested or released on the next Business Day.

(3) The Warrant Agent shall have no responsibility or liability for any diminution of any funds resulting from any investment made in accordance with this Indenture, including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.

(4) In the event that the Warrant Agent does not receive a direction or only a partial direction, the Warrant Agent may hold cash balances constituting part or all of such monies and may, but need not, invest same in its deposit department, the deposit department of one of its affiliates, or the deposit department of a Canadian chartered bank; but the Warrant Agent, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

8.5 Actions by Warrant Agent to Protect Interests

The Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders pursuant to the provisions of this Indenture.

8.6 Warrant Agent not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the duties and obligations of this Indenture or otherwise.

8.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to warrant agents, it is expressly declared and agreed as follows:

(1) The Warrant Agent shall not be liable for or by reason of any representations, statements of fact or recitals in this Indenture or in the Warrants (except the representation contained in section 8.9 or in the Authentication of the Warrant Agent on the Warrants) or be required to verify the same and all such statements of fact or recitals are and shall be deemed to be made by the Company.

(2) Nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

(3) The Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof.

(4) The Warrant Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the covenants or warranties herein contained or of any acts of any directors, officers, employees, agents or servants of the Company.

(5) Without limiting any protection or indemnity of the Warrant Agent under any other provision hereof, or otherwise at law, the Company hereby agrees to indemnify and hold harmless the Warrant Agent and its affiliates, directors, officers, agents and employees, successors and assigns (the **"Indemnified Parties")** from and against any and all liabilities whatsoever, losses, damages, penalties, claims, demands, proceedings, charges, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements on a solicitor and client basis, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising from the performance of its duties hereunder, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that Warrant Agent may provide in connection with or in any way relating to this Indenture. The Company agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Company shall not be required to indemnify the Indemnified Parties in the event of the gross negligence, fraud or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture.

(6) Notwithstanding the foregoing or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Company to the Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Warrant Agent receiving the first notice of the claim; provided that this limitation shall not apply in respect of any gross negligence, fraud or wilful misconduct of the Warrant Agent. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

(7) If any of the funds provided to the Warrant Agent hereunder are received by it in the form of an uncertified cheque or bank draft, the Warrant Agent shall delay the release of such funds and the related Warrant Shares until such uncertified cheque has cleared the financial institution upon which the same is drawn.

(8) The forwarding of a cheque or the sending of funds by wire transfer by the Warrant Agent will satisfy and discharge the liability of any amounts due to the extent of the sum represented thereby unless such cheque is not honoured on presentation, provided that in the event of the non-receipt of such cheque by the payee, or the loss or destruction thereof, the Warrant Agent, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, will issue to such payee a replacement cheque for the amount of such cheque.

(9) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgement, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgement, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Company provided: (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

8.8 Replacement of Warrant Agent

(1) The Warrant Agent may resign its appointment and be discharged from all further duties and liabilities hereunder by giving to the Company not less than 60 days prior notice in writing or such shorter prior notice as the Company may accept as sufficient. The Warrantholders by extraordinary resolution shall have the power at any time to remove the existing Warrant Agent and to appoint a new warrant agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Company shall forthwith appoint a new warrant agent unless a new warrant agent has already been appointed by the Warrantholders; failing such appointment by the Company, the retiring Warrant Agent or any Warrantholder may apply to a justice of the Ontario Superior Court of Justice (the "Court") at the Company's expense, on such notice as such justice may direct, for the appointment of a new warrant agent; but any new warrant agent so appointed by the Company or by the Court shall be subject to removal as aforesaid by the Warrantholders. Any new warrant agent appointed under any provision of this section 8.8 shall be a corporation authorized to carry on the business of a transfer agent or a trust company in one or more provinces of Canada and, if required by Applicable Legislation of any province, in such province. On any such appointment the new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent without any further assurance, conveyance, act or deed; but there shall be immediately executed, at the expense of the Company, all such conveyances or other instruments as may, in the opinion of counsel, be necessary or advisable for the purpose of assuring the same to the new warrant agent, provided that any resignation or removal of the Warrant Agent and appointment of a successor warrant agent shall not become effective until the successor warrant agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Company, the predecessor Warrant Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor warrant agent an appropriate instrument transferring to such successor warrant agent all rights and powers of the Warrant Agent hereunder and all securities, documents of title and other instruments and all monies and properties held by the Warrant Agent hereunder.

(2) Upon the appointment of a successor warrant agent, the Company shall promptly notify the Warrantholders thereof in the manner provided for in section 9.2.

(3) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation succeeding to the corporate trust business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without any further act on its part or of any of the parties hereto, provided that such corporation would be eligible for appointment as a new warrant agent under Section 8.8(1).

(4) Any Warrants Authenticated or certified but not delivered by a predecessor Warrant Agent may be Authenticated or certified by the new or successor warrant agent in the name of the predecessor or the new or successor warrant agent.

8.9 Conflict of Interest

(1) The Warrant Agent represents to the Company, to the best of its knowledge, that at the time of execution and delivery hereof no material conflict of interest exists which it is aware of in the Warrant Agent's role hereunder and agrees that in the event of a material conflict of interest arising which it becomes aware of hereafter it will, within 90 days after ascertaining that it has such a material conflict of interest, either eliminate the same or resign its appointment hereunder. If any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrants shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to Section 8.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Company and generally may contract and enter into financial transactions with the Company or any Subsidiary without being liable to account for any profit made thereby.

8.10 Acceptance of Duties and Obligations

The Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become holders of Warrants from time to time issued under this Indenture.

8.11 Warrant Agent not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or undertaking of the Company or any Subsidiary or any partnership of which the Company is directly or indirectly involved.

8.12 Authorization to Carry on Business

The Warrant Agent represents to the Company that it is registered to carry on business under Applicable Legislation in the provinces of Alberta and British Columbia.

ARTICLE 9
GENERAL

9.1 Notice to the Company and the Warrant Agent

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Company or the Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by email to the following addresses or facsimile numbers:

(a) If to the Company, to:

Planet 13 Holdings Inc.
2548 West Desert Inn Road
Las Vegas, Nevada 89109

Attention: Leighton Koehler
E-mail: [REDACTED]

with a copy to:

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza 40
King Street West Toronto,
Ontario M5H 3C2

Attention: Jay Goldman
E-mail: [REDACTED]

(b) If to the Warrant Agent, to:

Odyssey Trust Company Suite
350, 300 5th Avenue SW
Calgary, Alberta T2P 3C4

Attention: Dan Sander
Email: [REDACTED]

and any notice given in accordance with the foregoing shall be deemed to have been received on the date of delivery if that date is a Business Day (and if that date is not a Business Day, on the next Business Day) or, if mailed, on the fifth Business Day following the date of the postmark on such notice or, if transmitted by email, on the Business Day following the transmission.

(2) The Company or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in Section 9.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Company or the Warrant Agent, as the case may be, for all purposes of this Indenture.

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Company hereunder could reasonably be considered unlikely to reach its destination, the notice shall be valid and effective only if it is delivered to an officer of the party to which it is addressed or if it is delivered to that party at the appropriate address provided in Section 9.1(1) by facsimile or other means of prepaid, transmitted or recorded communication and any notice delivered in accordance with the foregoing shall be deemed to have been received on the date of delivery to the officer or if delivered by facsimile or other means of prepaid, transmitted, recorded communication on the third Business Day following the date of the sending of the notice by the person giving the notice.

9.2 Notice to the Warrantholders

(1) Any notice to the Warrantholders under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail or, if delivered by hand, to the holders at their addresses appearing in the register of holders. Any notice so delivered shall be deemed to have been received on the date of delivery if that date is a Business Day or the Business Day following the date of delivery if such date is not a Business Day or on the third Business Day if delivered by mail. All notices may be given to whichever one of the Warrantholders (if more than one) is named first in the appropriate register hereinbefore mentioned, and any notice so given shall be sufficient notice to all Warrantholders and any other persons (if any) interested in such Warrants. Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder will not invalidate any action or proceeding founded thereon.

(2) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders could reasonably be considered unlikely to reach its destination, the notice may be given in a news release disseminated through a newswire service, filed on SEDAR and posted on the Company's website; provided that in the case of a notice convening a meeting of the holders of Warrants, the Warrant Agent may require such additional publications of that notice, in Toronto, Ontario or in other cities or both, as it may deem necessary for the reasonable notification of the holders of Warrants or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published in all of the cities in which publication was required.

9.3 Privacy

The Company acknowledges that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(a) to provide the services required under this Indenture and other services that may be requested from time to time;

(b) to help the Warrant Agent manage its servicing relationships with such individuals;

(c) to meet the Warrant Agent's legal and regulatory requirements; and

(d) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

The Company acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Warrant Agent shall make available on its website or upon request, including revisions thereto. Some of this personal information may be transferred to servicers in the United States for data processing and/or storage. Further, the Company agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless the Company has assured itself that such individual understands and has consented to the aforementioned uses and disclosures.

9.4 Third Party Interests

The Company represents to the Warrant Agent that any account to be opened by, or interest to held by the Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent prescribed form as to the particulars of such third party.

9.5 Securities Exchange Commission Certification

The Company confirms that as at the date of this Indenture it does not have a class of securities registered pursuant to section 12 of the U.S. Securities and Exchange Act of 1934, as amended (the **"Exchange Act")** or have a reporting obligation pursuant to section 15(d) of the Exchange Act.

The Company covenants that in the event that (i) any class of its securities shall become registered pursuant to section 12 of the Exchange Act or the Company shall incur a reporting obligation pursuant to section 15(d) of the Exchange Act, or (ii) any such registration or reporting obligation shall be terminated by the Company in accordance with the Exchange Act, the Company shall promptly deliver to the Warrant Agent an Officer's Certificate (in a form provided by the Warrant Agent) notifying the Warrant Agent of such registration or termination and such other information as the Warrant Agent may reasonably require at the time. The Company acknowledges that the Warrant Agent is relying upon the foregoing representation and covenants in order to meet certain United States Securities and Exchange Commission **("SEC")** obligations with respect to those clients who are filing with the SEC.

9.6 Discretion of Directors

Any matter provided herein to be determined by the directors in their sole discretion and determination so made will be conclusive.

9.7 Satisfaction and Discharge of Indenture

Upon the earlier of the Time of Expiry or the date by which there shall have been delivered to the Warrant Agent for exercise or destruction in accordance with the provisions hereof all Warrants theretofore Authenticated or certified hereunder and by which no Warrants shall remain issuable hereunder, this Indenture, except to the extent that Warrant Shares and any certificates therefor have not been issued and delivered hereunder or the Company has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Company, and the Warrant Agent, on written demand of and at the cost and expense of the Company, and upon delivery to the Warrant Agent of a certificate of the Company stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Warrant Agent of the expenses, fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture; provided that if the Warrant Agent has not then performed any of its obligations hereunder any such satisfaction and discharge of the Company's obligations hereunder shall not affect or diminish the rights of any Warrantholder or the Company against the Warrant Agent.

9.8 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders

Nothing in this Indenture or the Warrant Certificates, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

9.9 Indenture to Prevail

To the extent of any discrepancy or inconsistency between the terms and conditions of this Indenture and the Warrant Certificate, the terms of this Indenture will prevail.

9.10 Assignment

This Indenture nor any benefits or burdens under this Indenture shall be assignable by the Company or the Warrant Agent without the prior written consent of the other party, such consent not to be unreasonably withheld. Subject to the foregoing, this Indenture shall enure to the benefit of and be binding upon the Company and the Warrant Agent and their respective successors (including any successor by reason of amalgamation) and permitted assigns.

9.11 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

9.12 Force Majeure

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this
Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this section.

9.13 Counterparts and Formal Date

This Indenture may be simultaneously executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out at the top of the first page of this Indenture.

(Signature page follows)

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf.

PLANET 13 HOLDINGS INC.

By: /s/ Dennis Logan
Dennis Logan
Chief Financial Officer

ODYSSEY TRUST COMPANY

By: /s/ Dan Sander
Authorized Signatory

By: /s/ Jenna Kaye
Authorized Signatory

SCHEDULE"A"

FORM OF WARRANT CERTIFICATE

WARRANTS TO PURCHASE COMMON SHARES
OF PLANET 13 HOLDINGS INC.
(a company existing pursuant to the federal laws of Canada)

[For Warrants issued in the United States or to, or for the account or benefit of, U.S. Persons, also include the following legends:]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE ON EXERCISE HEREOF MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR (E) UNDER AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(i) OR (D) ABOVE, A LEGAL OPINION OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY, MUST FIRST BE PROVIDED TO THE COMPANY AND THE COMPANY'S TRANSFER AGENT 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.

THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A PERSON IN THE UNITED STATES OR A U.S. PERSON UNLESS THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

Warrant Certificate Number: ● Representing ● Warrants to purchase Common Shares (subject to adjustment and acceleration as provided for in the Warrant Indenture (as defined below))

THIS CERTIFIES that, for value received, the registered holder hereof, ● (the **"holder")** is entitled at any time at or before the Expiry Time (as defined below) to acquire, subject to adjustment in certain events, the number of Common Shares **("Common Shares")** of Planet 13 Holdings Inc. (the **"Company")** specified above, as presently constituted, by surrendering to Odyssey Trust Company (the **"Warrant Agent")** at its principal office in Calgary, Alberta, this Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Warrant Certificate, and accompanied by payment of $3.75 per Common Share (the **"Warrant Exercise Price")** by certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Company at par at the above-mentioned office of the Warrant Agent. The holder of this Warrant Certificate may purchase less than the number of Common Shares which he is entitled to purchase on the exercise of the Warrants represented by this Warrant Certificate, in which event a new Warrant Certificate representing the Warrants not then exercised will be issued to the holder.

The Warrants evidenced under this Warrant Certificate are exercisable on or before 5:00 p.m. (Toronto time) (the **"Expiry Time")** on December 4, 2021 (the **"Expiry Date"),** subject to acceleration as described below. After the Expiry Time, Warrants evidenced hereby shall be deemed to be void and of no further force or effect. In the event that the volume weighted average closing price of the Common Shares on the Canadian Securities Exchange (or such other exchange on which the Common Shares may trade) is at a price equal to or greater than $5.00 (subject to adjustment in accordance with the terms of the Warrant Indenture) for a period of 20 consecutive trading days after the date hereof, the Company may accelerate the Expiry Date of the Warrants by giving not less than 30 days' written notice to the Warrantholders (the **"Acceleration Notice"),** and in such case, the Warrants will expire on the date that is not less than 30 days from the date the Acceleration Notice is provided to the Warrantholders pursuant to a written notice to Warrantholders in accordance with the terms of the Warrant Indenture. Concurrent with the delivery of the Acceleration Notice to the Warrantholders, the Company shall also provide the Acceleration Notice to the Warrant Agent pursuant to terms of the Warrant Indenture and issue a news release announcing the exercise of the Acceleration Right (as such term is defined in the Warrant Indenture). The receipt of the Acceleration Notice by the Warrant Agent and issuance of the news release announcing the Acceleration Right will not impact the timing of the exercise of the Acceleration Right by the Company.

This Warrant Certificate represents Warrants of the Company issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the **"Warrant Indenture")** dated as of December 4, 2018, between the Company and the Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Warrants and the Company and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the Warrant Indenture. A copy of the Warrant Indenture can be requested by contacting the Warrant Agent. **In the event of any conflict between the provisions contained in this Warrant Certificate and the provisions of the Warrant Indenture, the provisions of the Warrant Indenture shall prevail.**

Upon acceptance hereof, the holder hereof hereby expressly waives the right to receive any fractional Common Shares upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. The Warrants represented by this Warrant Certificate shall be deemed to have been surrendered, and payment by certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its office in the City of Calgary, Alberta.

Upon due exercise of the Warrants represented by this Warrant Certificate and payment of the Warrant Exercise Price, the Company shall cause to be issued to the person(s) in whose name(s) the Common Shares have been so subscribed for, the number of Common Shares to be issued to such person(s) (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program), and the holder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing the Common Shares unless or until the holder shall have paid the Company or the Warrant Agent the amount of such tax (or shall have satisfied the Company that such tax has been paid or that no tax is due), and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise, and upon due surrender of this Warrant Certificate, the Transfer Agent shall issue a certificate(s) representing such Common Shares to be issued within five Business Days after the exercise of the Warrants (or portion thereof) represented hereby.

Neither the Warrants represented by this Warrant Certificate nor the Common Shares issuable upon exercise hereof have been or will be registered under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"),** or any state securities laws. The Warrants represented by this Warrant Certificate may not be exercised within the United States or by, or for the account or benefit of, a U.S. person or a person within the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration is available. Certificates representing Common Shares issued in the United States or to, or for the account or benefit of, U.S. persons will bear a legend restricting the transfer and exercise of such securities under applicable United States federal and state securities laws. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Common Shares issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent. Subject to the provisions of the Warrant Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrants Certificates entitling the holder thereof to acquire an equal aggregate number of Common Shares subject to adjustment as provided for in the Warrant Indenture. The Company and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Warrant Indenture expressly provided.

The Warrant Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Warrant Exercise Price in certain events therein set forth.

The Warrant Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by the Warrantholders entitled to acquire upon the exercise of the Warrants a specified percentage of the Common Shares.

The Warrants and the Warrant Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Warrant Indenture.

The Company may from time to time at any time prior to the Expiry Time purchase any of the Warrants by private agreement or otherwise.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Warrant Indenture.

All dollar amounts herein are expressed in the lawful money of Canada.

(Signature page follows)

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be signed by its duly authorized officer as of this day of , 20 .

PLANET 13 HOLDINGS INC.

By: _____

Authorized Signing Officer

Countersigned this _____ day

of 20__

ODYSSEY TRUST COMPANY

By: _____
Authorized Signing Officer

EXERCISE FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company Suite 350, 300 5th Avenue SW Calgary, Alberta T2P 3C4

The undersigned holder of the within Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for _____Common Shares of Planet 13 Holdings Inc. (the **"Company")** at the Warrant Exercise Price referred to in the attached Warrant Certificate on the terms and conditions set forth in such certificate and the Warrant Indenture and encloses herewith a certified cheque, bank draft or money order payable at par in the City of Calgary, in the Province of Alberta to the order of the Company in payment in full of the subscription price of the Common Shares hereby subscribed for.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the warrant indenture between the Company and Odyssey Trust Company dated December 4, 2018.

(Please check the **ONE** box applicable):

☐ 1. The undersigned certifies that it (i) is not in the United States and is not a "U.S. person", within the meaning of Regulation S under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"),** (ii) is not exercising this Warrant for the account or benefit of any U.S. Person or person in the United States, (iii) did not execute or deliver this Exercise Form within the United States and (iv) has in all other aspects complied with the terms of Regulation S under the U.S. Securities Act.

☐ 2. The undersigned certifies that it (i) purchased the Warrants as a part of the Units in the Offering; (ii) is exercising the Warrants solely for its own account or for the benefit of a U.S. Person or a person in the United States for whose account such holder acquired the Warrants as a part of the Units in the Offering and for whose account such holders exercises sole investment discretion; (iii) was and is, and any beneficial purchaser for whose account such holder acquired the Warrant and is exercising the Warrants was and is, a Oualified Institutional Buyer both on the date the Units were purchased in the Offering and on the Exercise Date; and (iv) the representations and warranties made by the holder or any beneficial purchaser, as the case may be, to the Company in such holder's GIB Letter remain true and correct on the Exercise Date.

☐ 3. The undersigned is delivering a written opinion of United States legal counsel or evidence satisfactory to the Company to the effect that the Warrant and the Common Shares to be delivered upon exercise hereof have been registered under the U.S. Securities Act or are exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

It is understood that the Company may require evidence to verify the foregoing representations.

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF COMMON SHARES

The undersigned hereby directs that the said Common Shares be issued as follows:

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the Transfer Form must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to Odyssey Trust Company, c/o Corporate Trust.

DATED this _____ day of

_____)

_____)

Witness _____) _____) _____)

(Signature of Warrantholder, to be the same as appears on the face of this Warrant Certificate)

Name of Registered Warrantholder

[ ] Please check this box if the securities are to be delivered at the office where these Warrants are surrendered, failing which the securities will be mailed.

NOTES:

1. Certificates will not be registered or delivered to an address in the United States unless Box 2 or Box 3 above is checked.

2. If Box 3 above is checked, holders are encouraged to contact the Company in advance to determine that the legal opinion or evidence tendered in connection with exercise will be satisfactory in form and substance to the Company.

TRANSFER FORM

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company Suite 1230, 300 5th Avenue SW Calgary, Alberta T2P 3C4

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

(Transferee)

(Address)

(Social Insurance Number)

of the Warrants registered in the name of the undersigned transferor represented by the Warrant Certificate.

In the case of a Warrant Certificate that contains a U.S. restrictive legend, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

☐ (A) the transfer is being made only to the Company; or

☐ (B) the transfer is being made outside the United States in accordance with Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and in compliance with any applicable local securities laws and regulations and the holder has provided herewith the Declaration for Removal of Legend attached as Schedule "B" to the Warrant Indenture; or

☐ (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by (i) Rule 144 or (ii) Rule 144A thereunder, and in either case in accordance with applicable state securities laws; or

☐ (D) the transfer is being made within the United States or to, or for the account or benefit of, U.S. persons, in accordance with a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws and the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

In the case of a transfer in accordance with (C)(i) or (D) above, the Company and the Warrant Agent shall first have received an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company, to such effect.

In the case of a Warrant Certificate that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a U.S. person or to a person in the United States, the

In the case of a Warrant Certificate that does not contain a U.S. restrictive legend, if the proposed transfer is to, or for the account or benefit of a U.S. person or to a person in the United States, the undersigned hereby represents, warrants and certifies that the transfer of the Warrants is being completed pursuant to an exemption from the registration requirements of the U.S. Securities Act and any applicable state securities laws, in which case the undersigned has furnished to the Company and the Warrant Agent an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect.

"United States" and "U.S. Person" are as defined by Regulation S under the U.S. Securities Act.

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

☐ **Gift** ☐ **Estate** ☐ **Private Sale** ☐ **Other (no change in ownership**

Date of Event (Date of gift, death or sale): Value per Warrant on the date of event:

☐ **CAD OR USD** ☐

NOTES:

1. The signature to this transfer must correspond with the name as recorded on the Warrants in every particular without alteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.

2. Warrants shall only be transferable in accordance with the warrant indenture between Planet **13** Holdings Inc. and Odyssey Trust Company dated December **4, 2018** (the **"Warrant Indenture"),** applicable laws and the rules and policies of any applicable stock exchange. Without limiting the foregoing, if the Warrant Certificate bears a legend restricting the transfer of the Warrants except pursuant to an exemption from registration under the U.S. Securities Act, and applicable state securities laws, this Transfer Form must be accompanied by a properly completed and executed declaration for removal of legend in the form attached as Schedule "B" to the Warrant Indenture.

CERTAIN REQUIREMENTS RELATING TO TRANSFERS - READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.

- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.

- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

REASON FOR TRANSFER - FOR US RESIDENTS ONLY

Consistent with US IRS regulations, Odyssey Trust Company is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

SCHEDULE"B"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Planet 13 Holdings Inc.
c/o Odyssey Trust Company Suite 350, 300 5th Avenue SW Calgary, Alberta T2P 3C4

The undersigned (a) acknowledges that the sale of the securities of Planet 13 Holdings Inc. (the **"Company")** to which this declaration relates is being made in reliance on Rule 904 of Regulation S **("Regulation S")** under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act")** and (b) certifies that (1) it is not an affiliate of the Company (as defined in Rule 405 under the U.S. Securities Act), (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 believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the Canadian Securities Exchange 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 any of 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 such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the sale was 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.

Dated: By:

Name:
Title:

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 Company 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.

Name of Firm

By:
Authorized officer

Date:

Exhibit 4.6

10653918 CANADA INC.

as the Corporation
and

ODYSSEY TRUST COMPANY

as the Warrant Agent
and

CARPINCHO CAPITAL CORP.

as the Resulting Issuer

WARRANT INDENTURE
Providing for the Issue of Warrants

Dated as of April 26, 2018

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WARRANT INDENTURE

THIS WARRANT INDENTURE is dated as of April 26, 2018. **AMONG:**

10653918 CANADA INC., a corporation existing under the federal laws of the Canada (the **"Corporation")**

~ and -

ODYSSEY TRUST COMPANY, a trust company existing under the laws of the Province of Alberta, and authorized to carry on business in the Provinces of Alberta and British Columbia (the **"Warrant Agent")**

~ and -

CARPINCHO CAPITAL CORP., a corporation existing under the federal laws of Canada **("Carpincho")**

WHEREAS it is proposed that MM Development Company, Inc. **("Planet 13")** will complete a reverse takeover of Carpincho, an unlisted reporting issuer in certain jurisdictions in Canada, which is expected to involve: (i) the consolidation of the common shares of Carpincho on the basis of 0.875 of one (1) new common share of Carpincho for every one (1) existing common share of Carpincho (the **"Consolidation");** (ii) the acquisition (the **"Acquisition")** of all of the common shares and restricted voting shares of Planet 13, on the terms and conditions of a share exchange agreement (the **"Share Exchange Agreement")** between Carpincho, Planet 13, and the shareholders of Planet 13; and (iii) the amalgamation (together with the Acquisition, the **"Transactions")** of a wholly-owned subsidiary of Carpincho **("Subco")** with the Corporation, on the terms and conditions of an amalgamation agreement (the **"Amalgamation Agreement")** between Carpincho, Subco and the Corporation, whereby the holders of the Common Shares and Warrants will receive Carpincho Shares and warrants to acquire Carpincho Shares on a one for one basis on completion of the Transactions;

AND WHEREAS in connection with, and prior to the completion of, the Transactions, the Corporation proposes to issue up to 37,500,000 Subscription Receipts pursuant to which up to 37,500,000 units (the **"Units")** will be issuable upon the satisfaction of certain escrow release conditions, and with each Unit comprised of one Common Share and one-half of one Warrant;

AND WHEREAS the Corporation is proposing to issue up to 18,750,000 Warrants in accordance with this Indenture pursuant to the Subscription Receipts;

AND WHEREAS prior to the completion of the Transactions, and pursuant to this Indenture, each whole Warrant shall, subject to adjustment, entitle the holder thereof to acquire one (1) Common Share upon payment of the Exercise Price upon the terms and conditions herein set forth;

AND WHEREAS following the completion of the Transactions, and pursuant to this Indenture, each whole Warrant shall, subject to adjustment, entitle the holder thereof to acquire one (1) Carpincho Share, in lieu of one (1) Common Share, upon payment of the Exercise Price upon the terms and conditions herein set forth;

AND WHEREAS all acts and deeds necessary have been done and performed to make the Warrants, when created and issued as provided in this Indenture, legal, valid and binding upon the Corporation and Carpincho with the benefits and subject to the terms of this Indenture;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and Carpincho and not by the Warrant Agent;

NOW THEREFORE, in consideration of the premises and mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Corporation hereby appoints the Warrant Agent as warrant agent to hold the rights, interests and benefits contained herein for and on behalf of those persons who from time to time become the holders of Warrants issued pursuant to this Indenture and the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions.

In this Indenture, including the recitals and schedules hereto, and in all indentures supplemental hereto:

"Adjustment Period" means the period from the date hereof up to and including the Expiry Time;

"Applicable Legislation" means any statute of Canada or a province thereof, and the regulations under any such named or other statute, relating to warrant indentures or to the rights, duties and obligations of warrant agents under warrant indentures, to the extent that such provisions are at the time in force and applicable to this Indenture;

"Applicable Securities Laws" means the applicable securities laws and regulations of each of the provinces and territories of Canada, and the applicable federal and state securities laws and regulations of the United States, together with all related rules, policies, notices and orders of applicable regulatory authorities;

"Auditors" means a firm of professional accountants duly appointed as auditors of the Corporation, from time to time;

"Authenticated" means (a) with respect to the issuance of a Warrant Certificate, one which has been duly signed by the Corporation and authenticated by manual signature of an authorized officer of the Warrant Agent, and (b) with respect to the issuance of an Uncertificated Warrant, one in respect of which the Warrant Agent has completed all Internal Procedures such that the particulars of such Uncertificated Warrant as required by Section 2.7 are entered in the register of holders of Warrants, ***"Authenticate", "Authenticating"*** and ***"Authentication"*** have the appropriate correlative meanings;
"Book Based System" means the book-based securities registration and transfer system administered by the Depository in accordance with its operating rules and procedures in force from time to time;

"Book Entry Only Participants" means institutions that participate directly or indirectly in the Depository's book entry registration system for the Warrants;

"Book Entry Only Warrants" means Warrants that are to be held only by or on behalf of the Depository;

"Business Day" means any day other than Saturday, Sunday or a statutory or civic holiday, or any other day on which banks are not open for business in the City of Toronto, Ontario or in the City of Calgary, Alberta;

"CDS Global Warrants" means Warrants representing all or a portion of the aggregate number of Warrants issued in the name of the Depository represented by an Uncertificated Warrant, or if requested by the Depository or the Corporation, by a Warrant Certificate;

"CSE" means the Canadian Securities Exchange;

"Carpincho" means Carpincho Capital Corp.;

"Carpincho Shares" means common shares in the capital of Carpincho as constituted following the completion of the Consolidation;

"Certificated Warrant" means a Warrant evidenced by a writing or writings substantially in the form of Schedule "A", attached hereto;

"Common Share Reorganization" has the meaning set forth in Section 4.1(a);

"Common Shares" means, subject to Article 4, fully paid and non-assessable common shares of the Corporation as presently constituted;

"Confirmation" has the meaning set forth in Section 3.2(1);

"Corporation" means 10653918 Canada Inc., or any successor entity thereto;

"Counsel" means a barrister and/or solicitor or a firm of barristers and/or solicitors retained by the Warrant Agent or retained by the Corporation, acceptable to the Warrant Agent, which may or may not be counsel for the Corporation;

"Current Market Price" of the Common Shares at any date means the volume weighted average of the closing price per Common Share for such Common Shares for each day there was a closing price for the twenty (20) consecutive Trading Days ending five (5) days prior to such date on the CSE or if on such date the Common Shares are not listed on the CSE, on such stock exchange upon which such Common Shares are listed and as selected by the directors, or, if such Common Shares are not listed on any stock exchange then on such over-the-counter market as may be selected for such purpose by the directors of the Corporation, acting reasonably;
"Depository" means CDS Clearing and Depository Services Inc. or such other person as is designated in writing by the Corporation to act as depository in respect of the Warrants;

"Dividends" means any dividends paid by the Corporation on its Common Shares;

"Effective Date" means the date on which the Carpincho Shares commence trading on the CSE after the completion of the Transactions;

"Exchange Rate" means the number of Common Shares subject to the right of purchase under each Warrant, which, at the date of this Indenture, is one (1) Common Share;

"Exercise Date" means, in relation to a Warrant, the Business Day on which such Warrant is validly exercised or deemed to be validly exercised in accordance with Article 3 hereof;

"Exercise Notice" has the meaning set forth in Section 3.2(1);

"Exercise Price" at any time means the price at which a whole Common Share may be purchased by the exercise of a Warrant, which is initially $1.40 per Common Share, payable in immediately available Canadian funds, subject to adjustment in accordance with the provisions of this Indenture;

"Expiry Date" means the date which is twenty four (24) months following the Effective Date;

"Expiry Time" means 4:00 p.m. (Toronto time) on the Expiry Date;

"Extraordinary Resolution" has the meaning set forth in Section 7.11(1);

"Internal Procedures" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent, it being understood that neither preparation and issuance shall constitute part of such procedures for any purpose of this definition;

"Issue Date" means the date the Warrants are issued pursuant to the Subscription Receipts;

"person" means an individual, body corporate, partnership, limited liability company, trust, warrant agent, executor, administrator, legal representative or any unincorporated organization;

"QIB Purchaser" means a Qualified Institutional Buyer who first purchased Subscription Receipts on the date of original issuance of the Subscription Receipts and who, in connection with such purchase, executed a U.S. Subscription Agreement;

"Qualified Institutional Buyer" means a qualified institutional buyer as that term is defined in Rule 144A under the U.S. Securities Act;

"register" means the one set of records and accounts maintained by the Warrant Agent pursuant to Section 2.8;
"Regulation S" means Regulation S adopted by the United States Securities and Exchange Commission under the U.S. Securities Act;

"Rights Offering" has the meaning set forth in Section 4.1(b);

"Shareholders" means holders of Common Shares;

"Subscription Receipts" means, collectively, the up to 37,500,000 subscription receipts to be issued by the Corporation prior to the completion of the Transactions pursuant to a brokered and non-brokered private placement;

"Tax Act" means the ***Income Tax Act*** (Canada) and the regulations thereunder;

"this Warrant Indenture", "this Indenture", "hereto", "herein", "hereby", "hereof" and similar expressions mean and refer to this Indenture and any indenture, deed or instrument supplemental hereto; and the expressions **"Article", "Section", "subsection"** and **"paragraph"** followed by a number, letter or both mean and refer to the specified article, section, subsection or paragraph of this Indenture;

"Trading Day" means, with respect to the CSE a day on which such exchange is open for the transaction of business and with respect to another exchange or an over-the-counter market means a day on which such exchange or market is open for the transaction of business;

"Transactions" has the meaning set forth in the recitals;

"Uncertificated Warrant" means any Warrant which is not a Certificated Warrant;

"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;

"Units" has the meaning set forth in the recitals above;

"U.S. Accredited Investor" means an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the U.S. Securities Act;

"U.S. Accredited Investor Purchaser" means a U.S. Accredited Investor who first purchased Subscription Receipts on the date of original issuance of the Subscription Receipts and who, in connection with such purchase, executed a U.S. Subscription Agreement;

"U.S. Person" means a U.S. person as that term is defined in Rule 902(k) of Regulation S;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended;

"U.S. Subscription Agreement" means the U.S. subscription agreement delivered to and executed by QIB Purchasers or U.S. Accredited Investors of the Subscription Receipts in the United States or that are U.S. Persons;

"Warrants" means the Common Share purchase warrants created by and authorized by and issuable under this Indenture, to be issued and countersigned hereunder as a Certificated Warrant and /or Uncertificated Warrant held through the book entry registration system on a no certificate issued basis, entitling the holder or holders thereof to purchase up to 18,750,000 Common Shares (subject to adjustment as herein provided) at the Exercise Price prior to the Expiry Time and, where the context so requires, also means the Warrants issued and Authenticated hereunder, whether by way of Warrant Certificate or Uncertificated Warrant;

"Warrant Agency" means the principal office of the Warrant Agent in the City of Calgary, or such other place as may be designated in accordance with Section 3.5;

"Warrant Agent" means Odyssey Trust Company, in its capacity as warrant agent of the Warrants, or its successors from time to time;

"Warrant Certificate" means a certificate, substantially in the form set forth in Schedule "A" hereto, to evidence those Warrants that will be evidenced by a certificate;

"Warrantholders", or **"holders"** without reference to Warrants, means the persons who are registered owners of Warrants as such names appear on the register, and for greater certainty, shall include the Depository as well as the holders of Uncertificated Warrants appearing on the register of the Warrant Agent;

"Warrantholders' Request" means an instrument signed in one or more counterparts by Warrantholders holding in the aggregate not less than 50% of the aggregate number of Warrants then unexercised and then-outstanding, requesting the Warrant Agent to take some action or proceeding specified therein; and

"written order of the Corporation", "written request of the Corporation", "written consent of the "Corporation" and **"certificate of the Corporation"** mean, respectively, a written order, request, consent and certificate signed in the name of the Corporation by any one duly authorized signatory of the Corporation and may consist of one or more instruments so executed.

Section 1.2 Gender and Number.

Words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa.

Section 1.3 Headings, Etc.

The division of this Indenture into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture or of the Warrants.

Section 1.4 Day not a Business Day.

If any day on or before which any action or notice is required to be taken or given hereunder is not a Business Day, then such action or notice shall be required to be taken or given on or before the requisite time on the next succeeding day that is a Business Day.

Section 1.5 Time of the Essence.

Time shall be of the essence of this Indenture.

Section 1.6 Monetary References.

Whenever any amounts of money are referred to herein, such amounts shall be deemed to be in lawful money of Canada unless otherwise expressed.

Section 1.7 Applicable Law.

This Indenture, the Warrants, the Warrant Certificates (including all documents relating thereto, which by common accord have been and will be drafted in English) shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Each of the parties hereto, which shall include the Warrantholders, irrevocably attorns to the exclusive jurisdiction of the courts of the Province of Ontario with respect to all matters arising out of this Indenture and the transactions contemplated herein.

Section 1.8 Completion of the Transactions.

Immediately upon completion of the Transactions:

(1) Carpincho, which, following completion of the Transactions will be renamed "Planet 13 Holdings Inc.", assumes and agrees to perform all obligations of the Corporation under this Indenture, and the Warrant Agent hereby agrees to such assumption;

(2) the holder shall be entitled to receive upon the exercise of a Warrant and payment of the Exercise Price, and the holder shall accept, in lieu of the number of Common Shares that prior to the completion of the Transactions the holder would have been entitled to receive, the number of Carpincho Shares determined in accordance with Section 4.1(d); and

(3) in accordance with Section 4.1(h), the term "Common Shares" where used in this Indenture shall be interpreted to mean Carpincho Shares, and the term "Corporation" where used in this Indenture shall be interpreted to mean Carpincho.

ARTICLE 2
ISSUE OF WARRANTS

Section 2.1 Creation and Issue of Warrants.

A maximum of 18,750,000 Warrants (subject to adjustment as herein provided) are hereby authorized to be issued in accordance with the terms and conditions hereof. By written order of the Corporation confirming that all conditions to the issuance of the Warrants pursuant to the Subscription Receipts are satisfied, the Warrant Agent shall create and issue the Warrants in accordance with the written order of the Corporation. The Warrant Agent shall deliver Warrant Certificates to Warrantholders and record the name of the Warrantholders on the Warrant register. Registration of interests in Warrants held by the Depository may be evidenced by a position appearing on the register for Warrants of the Warrant Agent for an amount representing the aggregate number of such Warrants outstanding from time to time.

Section 2.2 Terms of Warrants.

(1) Subject to the applicable conditions for exercise set out in Articles having been satisfied and subject to adjustment in accordance herewith, each whole Warrant shall entitle each Warrantholder thereof, upon exercise at any time after the Issue Date and prior to the Expiry Time, to acquire one (1) Common Share upon payment of the Exercise Price.

(2) No fractional Warrants shall be issued or otherwise provided for hereunder and Warrants may only be exercised in a sufficient number to acquire whole numbers of Common Shares.

(3) Each Warrant shall entitle the holder thereof to such other rights and privileges as are set forth in this Indenture.

(4) The number of Common Shares which may be purchased pursuant to the Warrants and the Exercise Price therefor shall be adjusted upon the events and in the manner specified in Section 4.1.

Section 2.3 Warrantholder not a Shareholder.

Except as may be specifically provided herein, nothing in this Indenture or in the holding of a Warrant Certificate, entitlement to a Warrant or otherwise, shall, in itself, confer or be construed as conferring upon a Warrantholder any right or interest whatsoever as a Shareholder, including, but not limited to, the right to vote at, to receive notice of, or to attend, meetings of Shareholders or any other proceedings of the Corporation, or the right to Dividends and other allocations.

Section 2.4 Warrants to Rank Pari Passu.

All Warrants shall rank equally and without preference over each other, whatever may be the actual date of issue thereof.

Section 2.5 Form of Warrants, Certificated Warrants.

(1) The Warrants, as well as all certificates or written notices issued in exchange for or in substitution of such Warrants or written notices, issued prior to the completion of the Transactions, shall bear the following legend:

> "UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) ***[INSERT: DATE OF DISTRIBUTION],*** AND (ii) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY."

(2) The Warrants may be issued in both certificated and uncertificated form. All Warrants issued in certificated form shall be evidenced by a Warrant Certificate (including all replacements issued in accordance with this Indenture), substantially in the form set out in Schedule "A" hereto, which shall be dated as of the Issue Date, shall bear such distinguishing letters and numbers as the Corporation may, with the approval of the Warrant Agent, prescribe, and shall be issuable in any denomination excluding fractions. All Warrants issued to the Depository may be in either a certificated or uncertificated form, such uncertificated form being evidenced by a book position on the register of Warrantholders to be maintained by the Warrant Agent in accordance with Section 2.8.

(3) Upon the original issuance of the Warrants (both prior to the completion of the Transactions and post-Transactions) and until such time as it is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws, all certificates representing the Warrants issued to or for the account or benefit of, a U.S. Accredited Investor and all certificates issued in exchange therefor or in substitution thereof, shall bear a legend or other provision to the following effect:

> "THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THESE SECURITIES MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THESE SECURITIES AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT."

(4) Neither the Warrants issued prior to the completion of the Transactions nor the Common Shares issuable upon exercise of the Warrants prior to the completion of the Transactions have been or will be registered under the U.S. Securities Act or under any United States state securities laws. Any Warrant Certificate or certificated Common Shares issued to, or for the account or benefit of, a U.S. Accredited Investor prior to the completion of the Transactions and each Warrant Certificate or certificated Common Shares issued in exchange therefor or in substitution thereof shall bear, for so long as required by the U.S. Securities Act or applicable state securities laws, the following legend or such variations thereof as the Corporation may prescribe from time to time:

> "THE OFFER AND SALE OF SECURITIES REPRESENTED HEREBY [AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] 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, AND THE SECURITIES REPRESENTED HEREBY [AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, OR (B) OUTSIDE THE UNITED STATES TO A PERSON WHO IS NOT A "U.S. PERSON" (AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT) IN ACCORDANCE WITH AN APPLICABLE EXEMPTION 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."

(5) Neither the Warrants issued post-Transactions nor the Common Shares issuable upon exercise of the Warrants post-Transactions have been or will be registered under the U.S. Securities Act or under any United States state securities laws. Any Warrant Certificate or certificated Common Shares issued to, or for the account or benefit of, a U.S. Accredited Investor post-Transactions and each Warrant Certificate or certificated Common Shares issued in exchange therefor or in substitution thereof shall bear, for so long as required by the U.S. Securities Act or applicable state securities laws, the following legend or such variations thereof as Carpincho may prescribe from time to time:

"THE SECURITIES REPRESENTED HEREBY [for post-Transactions Warrants include: AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF] 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 ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE 144A THEREUNDER, IF AVAILABLE AND IN COMPLIANCE WITH STATE SECURITIES OR (D) WITHIN THE UNITED STATES, WITH ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PROVIDED, IN THE CASE OF AN OFFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE OR OTHER TRANSFER PURSUANT TO (C)(i) OR (D), THE HOLDER SHALL HAVE PROVIDED TO THE CORPORATION AN OPINION OF COUNSEL TO THE EFFECT THAT THE PROPOSED TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, WHICH OPINION AND COUNSEL MUST BE SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA OR ELSEWHERE."

provided, that if the securities issued post-Transactions are being sold under clause (B) above (and in compliance with Canadian local laws and regulations), the legend set forth above may be removed by providing a declaration and broker letter in the forms attached as Schedule "C" to this Indenture, or in such form as Carpincho, may from time to time prescribe, together with such other documentation as Carpincho may reasonably require, including, but not limited to, an opinion of counsel of recognized standing or other evidence of exemption, in either case reasonably satisfactory to Carpincho, to the effect that the sale of the securities is being made in compliance with Rule 904 of Regulation S under the U.S. Securities Act; and

provided further, that, if any of the securities issued post-Transactions are being sold pursuant to Rule 144 of the U.S. Securities Act, the legend may be removed by delivery to the Transfer Agent of an opinion of counsel of recognized standing in form and substance reasonably satisfactory to Carpincho, to the effect that the legend is no longer required under applicable requirements of the U.S. Securities Act.

Section 2.6 Book Entry Only Warrants.

(1) Reregistration of beneficial interests in and transfers of Warrants held by the Depository shall be made only through the book entry registration system and no Warrant Certificates shall be issued in respect of such Warrants except where physical certificates evidencing ownership in such securities are required or as set out herein or as may be requested by the Depository, as determined by the Corporation, from time to time. Except as provided in this Section 2.6, owners of beneficial interests in any CDS Global Warrants shall not be entitled to have Warrants registered in their names and shall not receive or be entitled to receive Warrants in definitive form or to have their names appear in the register referred to in Section 2.8 herein.

(2) Notwithstanding any other provision in this Indenture, no CDS Global Warrants may be exchanged in whole or in part for Warrants registered, and no transfer of any CDS Global Warrants in whole or in part may be registered, in the name of any person other than the Depository for such CDS Global Warrants or a nominee thereof unless:

(a) the Depository notifies the Corporation that it is unwilling or unable to continue to act as depository in connection with the Book Entry Only Warrants and the Corporation is unable to locate a qualified successor;

(b) the Corporation determines that the Depository is no longer willing, able or qualified to discharge properly its responsibilities as holder of the CDS Global Warrants and the Corporation is unable to locate a qualified successor;

(c) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor;

(d) the Corporation determines that the Warrants shall no longer be held as Book Entry Only Warrants through the Depository;

(e) such right is required by applicable law, as determined by the Corporation and the Corporation's Counsel;

(f) the Warrant is to be Authenticated to or for the account or benefit of a QIB Purchaser or U.S. Accredited Investor; or

(g) such registration is effected in accordance with the internal procedures of the Depository and the Warrant Agent, following which, Warrants for those holders requesting the same shall be registered and issued to the beneficial owners of such Warrants or their nominees as directed by the holder. The Corporation shall provide an certificate of the Corporation giving notice to the Warrant Agent of the occurrence of any event outlined in this Section 2.6(2)(a)-(f).

(3) Subject to the provisions of this Section 2.6, any exchange of CDS Global Warrants for Warrants which are not CDS Global Warrants may be made in whole or in part in accordance with the provisions of Section 2.11, mutatis mutandis. All such Warrants issued in exchange for a CDS Global Warrant or any portion thereof shall be registered in such names as the Depository for such CDS Global Warrants shall direct and shall be entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to CDS Global Warrants) as the CDS Global Warrants or portion thereof surrendered upon such exchange.

(4) Every Warrant that is Authenticated upon registration or transfer of a CDS Global Warrant, or in exchange for or in lieu of a CDS Global Warrant or any portion thereof, whether pursuant to this Section 2.6, or otherwise, shall be Authenticated in the form of, and shall be, a CDS Global Warrant, unless such Warrant is registered in the name of a person other than the Depository for such CDS Global Warrant or a nominee thereof.

(5) Notwithstanding anything to the contrary in this Indenture, subject to applicable law, the CDS Global Warrant will be issued as an Uncertificated Warrant, unless otherwise requested in writing by the Depository or the Corporation.

(6) The rights of beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the book entry registration system shall be limited to those established by applicable law and agreements between the Depository and the Book Entry Only Participants and between such Book Entry Only Participants and the beneficial owners of Warrants who hold securities entitlements in respect of the Warrants through the book entry registration system, and such rights must be exercised through a Book Entry Only Participant in accordance with the rules and procedures of the Depository.

(7) Notwithstanding anything herein to the contrary, neither the Corporation nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(a) the electronic records maintained by the Depository relating to any ownership interests or any other interests in the Warrants or the depository system maintained by the Depository, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by an electronic position in the book entry registration system (other than the Depository or its nominee);

(b) maintaining, supervising or reviewing any records of the Depository or any Book Entry Only Participant relating to any such interest; or any advice or representation made or given by the Depository or those contained herein that relate to the rules and regulations of the Depository or any action to be taken by the Depository on its own direction or at the direction of any Book Entry Only Participant.

(8) The Corporation may terminate the application of this Section 2.6 in its sole discretion in which case all Warrants shall be evidenced by Warrant Certificates registered in the name of a Person other than the Depository.

Section 2.7 Warrant Certificate.

(1) For Warrants issued in certificated form, the form of certificate representing Warrants shall be substantially as set out in Schedule "A" hereto or such other form as is authorized from time to time by the Warrant Agent and the Corporation. Each Warrant Certificate shall be Authenticated manually on behalf of the Warrant Agent. Each Warrant Certificate shall be signed by any one duly authorized signatory of the Corporation; whose signature shall appear on the Warrant Certificate and may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid and binding upon the Corporation as if it had been signed manually. Any Warrant Certificate which has a signature as hereinbefore provided shall be valid notwithstanding that the person whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of such certificate. The Warrant Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Warrant Agent may determine.

(2) The Warrant Agent shall Authenticate Uncertificated Warrants (whether upon original issuance, exchange, registration of transfer, partial payment, or otherwise) by completing its Internal Procedures and the Corporation shall, and hereby acknowledges that it shall, thereupon be deemed to have duly and validly issued such Uncertificated Warrants under this Indenture. Such Authentication shall be conclusive evidence that such Uncertificated Warrant has been duly issued hereunder and that the holder or holders are entitled to the benefits of this Indenture. The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Corporation.

(3) Any Warrant Certificate validly issued in accordance with the terms of this Indenture in effect at the time of issue of such Warrant Certificate shall, subject to the terms of this Indenture and applicable law, validly entitle the holder to acquire Common Shares, notwithstanding that the form of such Warrant Certificate may not be in the form currently required by this Indenture.

(4) No Warrant shall be considered issued and shall be valid or obligatory or shall entitle the holder thereof to the benefits of this Indenture, until it has been Authenticated by the Warrant Agent. Authentication by the Warrant Agent, including by way of entry on the register, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or of such Warrant Certificates or Uncertificated Warrants (except the due Authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrants or any of them or of the consideration thereof. Authentication by the Warrant Agent shall be conclusive evidence as against the Corporation that the Warrants so Authenticated have been duly issued hereunder and that the holder thereof is entitled to the benefits of this Indenture.

Section 2.8 Register of Warrants

(1) The Warrant Agent shall maintain records and accounts concerning the Warrants, whether certificated or uncertificated, which shall contain the information called for below with respect to each Warrant, together with such other information as may be required by law or as the Warrant Agent may elect to record. All such information shall be kept in one set of accounts and records which the Warrant Agent shall designate (in such manner as shall permit it to be so identified as such by an unaffiliated party) as the register of the holders of Warrants. The information to be entered for each account in the register of Warrants at any time shall include (without limitation):

(a) the name and address of the holder of the Warrants, the date of Authentication thereof and the number of Warrants;

(b) whether such Warrant is a Certificated Warrant or an Uncertificated Warrant and, if a Warrant Certificate, the unique number or code assigned to and imprinted thereupon and, if an Uncertificated Warrant, the unique number or code assigned thereto if any;

(c) whether such Warrant has been cancelled; and

(d) a register of transfers in which all transfers of Warrants and the date and other particulars of each transfer shall be entered.

The register shall be available for inspection by the Corporation or any Warrantholder during the Warrant Agent's regular business hours on a Business Day and upon payment to the Warrant Agent of its reasonable fees. Any Warrantholder exercising such right of inspection shall first provide an affidavit in form satisfactory to the Corporation and the Warrant Agent stating the name and address of the Warrantholder and agreeing not to use the information therein except in connection with an effort to call a meeting of Warrantholders or to influence the voting of Warrantholders at any meeting of Warrantholders.

Once an Uncertificated Warrant has been Authenticated, the information set forth in the register with respect thereto at the time of Authentication may be altered, modified, amended, supplemented or otherwise changed only to reflect exercise or proper instructions to the Warrant Agent from the holder as provided herein, except that the Warrant Agent may act unilaterally to make purely administrative changes internal to the Warrant Agent and changes to correct errors. Each person who becomes a holder of an Uncertificated Warrant, by his, her or its acquisition thereof shall be deemed to have irrevocably (i) consented to the foregoing authority of the Warrant Agent to make such minor error corrections, and (ii) agreed to pay to the Warrant Agent, promptly upon written demand, the full amount of all loss and expense (including without limitation reasonable legal fees of the Corporation and the Warrant Agent plus interest, at an appropriate then prevailing rate of interest to the Warrant Agent), sustained by the Corporation or the Warrant Agent as a proximate result of such error if but only if and only to the extent that such present or former holder realized any benefit as a result of such error and could reasonably have prevented, forestalled or minimized such loss and expense by prompt reporting of the error or avoidance of accepting benefits thereof whether or not such error is or should have been timely detected and corrected by the Warrant Agent; provided, that no person who is a bona fide purchaser shall have any such obligation to the Corporation or to the Warrant Agent.

Section 2.9 Issue in Substitution for Warrant Certificates Lost, etc.

(1) If any Warrant Certificate becomes mutilated or is lost, destroyed or stolen, the Corporation, subject to applicable law, shall issue and thereupon the Warrant Agent shall certify and deliver, a new Warrant Certificate of like tenor, and bearing the same legend, if applicable, as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be in a form approved by the Warrant Agent and the Warrants evidenced thereby shall be entitled to the benefits hereof and shall rank equally in accordance with its terms with all other Warrants issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to this Section 2.9 shall bear the cost of the issue thereof and in case of loss, destruction or theft shall, as a condition precedent to the issuance thereof, furnish to the Corporation and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Corporation and to the Warrant Agent, in their sole discretion, and such applicant shall also be required to furnish an indemnity and surety bond in amount and form satisfactory to the Corporation and the Warrant Agent, in their sole discretion, and shall pay the reasonable charges of the Corporation and the Warrant Agent in connection therewith.

Section 2.10 Exchange of Warrant Certificates.

(1) Any one or more Warrant Certificates representing any number of Warrants may, upon compliance with the reasonable requirements of the Warrant Agent (including compliance with applicable securities legislation), be exchanged for one or more other Warrant Certificates representing the same aggregate number of Warrants, and bearing the same legend, if applicable, as represented by the Warrant Certificate or Warrant Certificates so exchanged.

(2) Warrant Certificates may be exchanged only at the Warrant Agency or at any other place that is designated by the Corporation with the approval of the Warrant Agent. Any Warrant Certificate from the holder (or such other instructions, in form satisfactory to the Warrant Agent), tendered for exchange shall be surrendered to the Warrant Agency and cancelled by the Warrant Agent.

Section 2.11 Transfer and Ownership of Warrants.

(1) The Warrants may only be transferred on the register kept by the Warrant Agent at the Warrant Agency by the holder or its legal representatives or its attorney duly appointed by an instrument in writing in form and execution satisfactory to the
Warrant Agent only upon (a) in the case of a Warrant Certificate, surrendering to the Warrant Agent at the Warrant Agency the Warrant Certificate representing the Warrants to be transferred together with a duly executed transfer form as set forth in Schedule "A" and (b) in the case of Book Entry Only Warrants, in accordance with procedures prescribed by the Depository under the book entry registration system, and (c) upon compliance with:

(i) the conditions herein;

(ii) such reasonable requirements as the Warrant Agent may prescribe; and

(iii) all applicable securities legislation and requirements of regulatory authorities;

and, in the case of a Warrant Certificate, such transfer shall be duly noted in such register by the Warrant Agent. Upon compliance with such requirements, the Warrant Agent shall issue to the transferee of a Certificated Warrant, a Warrant Certificate, or the Warrant Agent shall Authenticate and deliver a Warrant Certificate upon request that part of the CDS Global Warrant be certificated. Transfers within the systems of the Depository are not the responsibility of the Warrant Agent and will not be noted on the register maintained by the Warrant Agent and Warrants that are held as Book Entry Only Warrants shall be transferred and recorded through the relevant Book Entry Only Participant in accordance with the book entry registration system as the entitlement holder in respect of such Warrants.

(2) Subject to the provisions of this Indenture, Applicable Legislation and applicable law, the Warrantholder shall be entitled to the rights and privileges attaching to the Warrants, and the issue of Common Shares by the Corporation upon the exercise of Warrants in accordance with the terms and conditions herein contained shall discharge all responsibilities of the Corporation and the Warrant Agent with respect to such Warrants and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any such holder.

(3) If a Warrant Certificate tendered for transfer bears the legend set forth in or Section 2.5(4), the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant Certificate and the holder certifies in the form of transfer, either (A) the transfer is made to the Corporation; or (B) the transfer is made outside of the United States in a transaction meeting the requirements of Rule 904 of Regulation S and in compliance with applicable local laws and regulations.

(4) If a Warrant Certificate tendered for transfer bears the legend set forth in Section 2.5(5), the Warrant Agent shall not register such transfer unless the transferor has provided the Warrant Agent with the Warrant Certificate and the holder certifies in the form of transfer, either (A) the transfer is made to the Corporation; or (B) the transfer is made outside of the United States in a transaction meeting the requirements of Rule 904 of Regulation S and in compliance with applicable local laws and regulations; or (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by (i) Rule 144A under the U.S. Securities Act, if available, or (ii) Rule 144 under the U.S. Securities Act, if available, and, in each case, in accordance with applicable state securities laws; or (D) the transfer is being made pursuant to another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws, provided further that in the case of transfer pursuant to (C)(ii) or (D) the Corporation shall first have received an opinion of counsel of recognized standing, or other evidence, in either case in form and substance reasonably satisfactory to the Corporation, to the effect that the proposed transfer may be effected without registration under the U.S. Securities Act and applicable state securities laws.

Section 2.12 Cancellation of Surrendered Warrants.

All Warrant Certificates surrendered pursuant to Section 2.9, Section 2.10, Section 2.11, Articles or Section 5.1 shall be cancelled by the Warrant Agent and upon such circumstances all such Uncertificated Warrants shall be deemed cancelled and so noted on the register by the Warrant Agent. Upon request by the Corporation, the Warrant Agent shall furnish to the Corporation a cancellation certificate identifying the Warrant Certificates so cancelled, the number of Warrants evidenced thereby, the number of Common Shares, if any, issued pursuant to such Warrants and the details of any Warrant Certificates issued in substitution or exchange for such Warrant Certificates cancelled.

ARTICLE 3
EXERCISE OF WARRANTS

Section 3.1 Right of Exercise.

Subject to the provisions hereof, each Registered Warrantholder may exercise the right conferred on such holder to subscribe for and purchase, subject to adjustment, one (1) Common Share for each Warrant after the Issue Date and prior to the Expiry Time and in accordance with the conditions herein.

Section 3.2 Warrant Exercise.

(1) Warrantholders of Warrant Certificates who wish to exercise the Warrants held by them in order to acquire Common Shares must complete the exercise form (the **"Exercise Notice")** attached to the Warrant Certificate(s) which form is attached hereto as Schedule "B", which may be amended by the Corporation with the consent of the Warrant Agent, if such amendment does not, in the reasonable opinion of the Corporation and the Warrant Agent, which may be based on the advice of Counsel, materially and adversely affect the rights, entitlements and interests of the Warrantholders, and deliver such certificate(s), the executed Exercise Notice and a certified cheque, bank draft or money order payable to or to the order of the Corporation for the aggregate Exercise Price to the Warrant Agent at the Warrant Agency. The Warrants represented by a Warrant Certificate shall be deemed to be surrendered upon personal delivery of such certificate, Exercise Notice and aggregate Exercise Price or, if such documents are sent by mail or other means of transmission, upon actual receipt thereof by the Warrant Agent at the office referred to above.

A beneficial holder of Uncertificated Warrants evidenced by a security entitlement in respect of Warrants in the book entry registration system who desires to exercise his or her Warrants must do so by causing a Book Entry Only Participant to deliver to the
Depository on behalf of the entitlement holder, notice of the owner's intention to exercise Warrants in a manner acceptable to the Depository. Forthwith upon receipt by the Depository of such notice, as well as payment for the aggregate Exercise Price, the Depository shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (a **"Confirmation")** in a manner acceptable to the Warrant Agent, including by electronic means through a book based registration system, including CDSX. An electronic exercise of the Warrants initiated by the Book Entry Only Participant through a Book Based System, including CDSX, shall constitute a representation to both the Corporation and the Warrant Agent that the beneficial owner at the time of exercise of such Warrants (a) is not in the United States; (b) is not a U.S. Person and is not exercising such Warrants on behalf of a U.S. Person or a person in the United States; and (c) did not execute or deliver the notice of the owner's intention to exercise such Warrants in the United States. If the Book Entry Only Participant is not able to make or deliver the foregoing representation by initiating the electronic exercise of the Warrants, then such Warrants shall be required to be withdrawn from the Book Based System by the Book Entry Only Participant and an individually registered Warrant Certificate shall be issued by the Warrant Agent to such beneficial owner or Book Entry Only Participant and the exercise procedures set forth in Section 3.2(1) shall be followed (and provided, for greater certainty, that the foregoing does not apply, in the case of a OlB Purchaser who complies with Section 3.3(2)).

(2) Subject to Section 3.3(2) below, the Warrants may not be exercised by or on behalf of a person in the United States or a U.S. Person.

(3) Payment representing the aggregate Exercise Price must be provided to the appropriate office of the Book Entry Only Participant in a manner acceptable to it. A notice in form acceptable to the Book Entry Only Participant and payment from such beneficial holder should be provided to the Book Entry Only Participant sufficiently in advance so as to permit the Book Entry Only Participant to deliver notice and payment to the Depository and for the Depository in turn to deliver notice and payment to the Warrant Agent prior to the Expiry Time. The Depository will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by causing the issuance to the Depository through the book entry registration system of the Common Shares to which the exercising Warrantholder is entitled pursuant to the exercise. Any expense associated with the exercise process will be for the account of the entitlement holder exercising the Warrants and/or the Book Entry Only Participant exercising the Warrants on its behalf.

(4) By causing a Book Entry Only Participant to deliver notice to the Depository, a beneficial holder shall be deemed to have irrevocably surrendered his or her Warrants so exercised and appointed such Book Entry Only Participant to act as his or her exclusive settlement agent with respect to the exercise of the Warrants and the receipt of Common Shares in connection with the obligations arising from such exercise.

(5) Any notice which the Depository determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a Book Entry Only Participant to exercise or to give effect to the settlement thereof in accordance with the beneficial holder's instructions will not give rise to any obligations or liability on the part of the Corporation or Warrant Agent to the Book Entry Only Participant or the Warrantholder.

(6) Any exercise form or Exercise Notice referred to in this Section 3.2 shall be signed by the Registered Warrantholder, or its executors or administrators or other legal representatives or an attorney of the Registered Warrantholder, duly appointed by an instrument in writing satisfactory to the Warrant Agent but such exercise form or Exercise Notice need not be executed by the Depository.

(7) Any exercise referred to in this Section 3.2 shall require that the entire Exercise Price for Common Shares subscribed must be paid at the time of subscription and such Exercise Price and original Exercise Notice executed by the Registered Warrantholder or the Confirmation from the Depository must be received by the Warrant Agent prior to the Expiry Time.

(8) If the form of Exercise Notice set forth in the Warrant Certificate shall have been amended, the Corporation shall cause the amended Exercise Notice to be forwarded to all Warrantholders.

(9) Exercise Notices and Confirmations must be delivered to the Warrant Agent at any time during the Warrant Agent's actual business hours on any Business Day prior to the Expiry Time. Any Exercise Notice or Confirmations received by the Warrant Agent after business hours on any Business Day other than the Expiry Date will be deemed to have been received by the Warrant Agent on the next following Business Day.

(10) Any Warrant with respect to which a Confirmation or valid exercise is not received by the Warrant Agent before the Expiry Time shall be deemed to have expired and become void and all rights with respect to such Warrants shall terminate and be cancelled.

Section 3.3 Prohibition on Exercise by Persons in the United States and U.S. Persons

(1) Subject to Section 3.3(2) below, (i) Warrants may not be exercised within the United States or by or on behalf of any person in the United States or U.S. Person; and (ii) no Common Shares issued upon exercise of Warrants may be delivered to any address in the United States.

Notwithstanding Section 3.2(2) or Section 3.3(1), (i) Warrants may be exercised in the United States or by or on behalf of a person in the United States or U.S. Person, and (ii) Common Shares issued upon exercise of any such Warrants may be delivered to an address in the United States, provided that the person exercising the Warrants is a QIB Purchaser or a U.S. Accredited Investor Purchaser with respect to those Warrants that originally executed a U.S. Subscription Agreement or has provided an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation that the exercise of the Warrants and the issuance of the Common Shares are exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

(2) If certificates representing Common Shares are issued prior to the completion of the Transactions upon the exercise of Certificated Warrants which bear the legends set forth in Section 2.5(3) and Section 2.5(4) and which are issued pursuant to Box (c) or (d) of the Exercise Form, upon such issuance of certificated Common Shares they shall bear the legend set forth in Section 2.5(4).

(3) If certificates representing Common Shares are issued post-Transactions upon the exercise of Certificated Warrants which bear the legends set forth in Section 2.5(3) and Section 2.5(4) and which are issued pursuant to Box (c) or (d) of the Exercise Form, upon such issuance of certificated Common Shares they shall bear the legend set forth in Section 2.5(5).

Section 3.4 Transfer Fees and Taxes.

If any of the Common Shares subscribed for are to be issued to a person or persons other than the Registered Warrantholder, the Registered Warrantholder shall execute the form of transfer as set forth in Schedule "A" and will comply with such reasonable requirements as the Warrant Agent may stipulate and will pay to the Corporation or the Warrant Agent on behalf of the Corporation, all applicable transfer or similar taxes and the Corporation will not be required to issue or deliver certificates evidencing Common Shares unless or until such Warrantholder shall have paid to the Corporation or the Warrant Agent on behalf of the Corporation, the amount of such tax or shall have established to the satisfaction of the Corporation and the Warrant Agent that such tax has been paid or that no tax is due.

Section 3.5 Warrant Agency.

To facilitate the exchange, transfer or exercise of Warrants and compliance with such other terms and conditions hereof as may be required, the Corporation has appointed the Warrant Agency, as the agency at which Warrants may be surrendered for exchange or transfer or at which Warrants may be exercised and the Warrant Agent has accepted such appointment. The Corporation may from time to time designate alternate or additional places as the Warrant Agency (subject to the Warrant Agent's prior approval) and will give notice to the Warrant Agent of any proposed change of the Warrant Agency. Branch registers shall also be kept at such other place or places, if any, as the Corporation, with the approval of the Warrant Agent, may designate. The Warrant Agent will from time to time when requested to do so by the Corporation or any Registered Warrantholder, upon payment of the Warrant Agent's reasonable charges, furnish a list of the names and addresses of Warrantholders showing the number of Warrants held by each such Registered Warrantholder.

Section 3.6 Effect of Exercise of Warrants.

(1) Upon the exercise of Warrants pursuant to and in compliance with Section 3.2 and subject to Section 3.3, the Common Shares to be issued pursuant to the Warrants exercised shall be deemed to have been issued and the person or persons to whom such Common Shares are to be issued shall be deemed to have become the holder or holders of such Common Shares on the Exercise Date unless the register shall be closed on such date, in which case the Common Shares subscribed for shall be deemed to have been issued and such person or persons deemed to have become the holder or holders of record of such Common Shares, on the date on which such
register is reopened. It is hereby understood that, in order for persons to whom Common Shares are to be issued, to become holders of Common Shares on record on the Exercise Date, beneficial holders must commence the exercise process sufficiently in advance so that the Warrant Agent is in receipt of all items of exercise at least one Business Day prior to such Exercise Date.

(2) Within five Business Days after the Exercise Date with respect to a Warrant, the Warrant Agent shall cause to be delivered or mailed to the person or persons in whose name or names the Warrant is registered or, if so specified in writing by the holder, cause to be delivered to such person or persons at the Warrant Agency where the Warrant Certificate was surrendered, a certificate or certificates for the appropriate number of Common Shares subscribed for, or any other appropriate evidence of the issuance of Common Shares to such person or persons in respect of Common Shares issued under the book entry registration system or direct registration system.

Section 3.7 Partial Exercise of Warrants; Fractions.

(1) The holder of any Warrants may exercise his right to acquire a number of whole Common Shares less than the aggregate number which the holder is entitled to acquire. In the event of any exercise of a number of Warrants less than the number which the holder is entitled to exercise, the holder of Warrants upon such exercise shall, in addition, be entitled to receive, without charge therefor, a new Warrant Certificate(s), bearing the same legend, if applicable, or other appropriate evidence of Warrants, in respect of the balance of the Warrants held by such holder and which were not then exercised.

(2) Notwithstanding anything herein contained including any adjustment provided for in Section 4.1, the Corporation shall not be required, upon the exercise of any Warrants, to issue fractions of Common Shares. Warrants may only be exercised in a sufficient number to acquire whole numbers of Common Shares and any fractional Common Shares shall be rounded down to the nearest whole number.

Section 3.8 Expiration of Warrants.

Immediately after the Expiry Time, all rights under any Warrant in respect of which the right of acquisition provided for herein shall not have been exercised shall cease and terminate and each Warrant shall be void and of no further force or effect.

Section 3.9 Accounting and Recording.

(1) The Warrant Agent shall promptly account to the Corporation with respect to Warrants exercised, and shall promptly forward to the Corporation (or into an account or accounts of the Corporation with the bank or trust company designated by the Corporation for that purpose), all monies received by the Warrant Agent on the subscription of Common Shares through the exercise of Warrants. All such monies and any securities or other instruments, from time to time received by the Warrant Agent, shall be received as agent for, and shall be segregated and kept apart by the Warrant Agent for, the Warrantholders and the Corporation as their interests may appear.

(2) The Warrant Agent shall record the particulars of Warrants exercised, which particulars shall include the names and addresses of the persons who become holders of Common Shares on exercise and the Exercise Date, in respect thereof. The Warrant Agent shall provide such particulars in writing to the Corporation within five Business Days of any request by the Corporation therefor.

Section 3.10 Securities Restrictions.

Notwithstanding anything herein contained, no Common Shares will be issued pursuant to the exercise of any Warrant if the issuance of such Common Shares would constitute a violation of the securities laws of any applicable jurisdiction, and, without limiting the generality of the foregoing, the Corporation will legend the certificates representing the Common Shares issuable upon exercise of any Warrant if, in the opinion of counsel to the Corporation, such legend is necessary in order to avoid a violation of any securities laws of any applicable jurisdiction or to comply with the requirements of any stock exchange on which the Common Shares are listed; provided that if, at any time, in the opinion of outside counsel to the Corporation, acting reasonably, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at his expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of counsel of recognized standing satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such securities in a transaction in which such legends are not required, such legended certificates may thereafter be surrendered to the Warrant Agent in exchange for a certificate that does not bear such legends.

The Warrant Agent shall be entitled to assume that the Common Shares may be issued pursuant to the exercise of any Warrant without violating any Applicable Securities Laws and without legending the certificate representing the Common Shares unless the Warrant Agent has received notice in writing from the Corporation stating otherwise and setting forth the restrictions on the exercise of the Warrants and any legend the certificates representing the Common Shares should bear.

ARTICLE 4
ADJUSTMENT OF NUMBER OF COMMON SHARES

AND EXERCISE PRICE

Section 4.1 Adjustment of Number of Common Shares and Exercise Price.

The subscription rights in effect under the Warrants for Common Shares issuable upon the exercise of the Warrants shall be subject to adjustment from time to time as follows:

(a) if, at any time during the Adjustment Period, the Corporation shall:

(i) subdivide, re-divide or change its outstanding Common Shares into a greater number of Common Shares;

(ii) reduce, combine or consolidate its outstanding Common Shares into a lesser number of Common Shares; or :

(iii) issue Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares by way of stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of Warrants or any outstanding options);

(any of such events in Section 4.1 (a)(i), (ii) or (iii) being called a **"Common Share Reorganization")** then the Exercise Price shall be adjusted as of the effective date or record date of such event so that it shall equal the amount determined by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which shall be the number of Common Shares outstanding as of the effective date or record date after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Share that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date). Such adjustment shall be made successively whenever any event referred to in this Section 4.1(a) shall occur. Upon any adjustment of the Exercise Price pursuant to Section 4.1(a), the Exchange Rate shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment;

(b) if and whenever at any time during the Adjustment Period, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the Current Market Price on such record date (a **"Rights Offering"),** the Exercise Price shall be adjusted immediately after such record date so that it shall equal the amount determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by the Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that no such rights or warrants are exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or, if any such rights or warrants are exercised, to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be. Such adjustment will be made successively whenever such a record date is fixed, provided that if two or more such record dates or record dates referred to in this Section 4.1(b) are fixed within a period of 25 Trading Days, such adjustment will be made successively as if each of such record dates occurred on the earliest of such record dates;

(c) if and whenever at any time during the Adjustment Period the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) securities of any class, whether of the Corporation or any other person (other than Common Shares), (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a Rights Offering; (iii) evidences of its indebtedness or (iv) any property or other assets then, in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less the excess, if any, of the fair market value on such record date, as determined by the Corporation (subject to CSE approval), of such securities or other assets so issued or distributed over the fair market value of any consideration received therefor by the Corporation from the holders of the Common Shares, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price; and Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed;

(d) if and whenever at any time during the Adjustment Period there is a reclassification or redesignation of the Common Shares, or a capital reorganization of the Corporation (other than as described in Section 4.1(a)), or a consolidation, amalgamation, arrangement, merger or other form of business combination of the Corporation with or into any other body corporate, trust, partnership or other entity that results in any reclassification of the Common Shares or any change or exchange of the Common Shares into or for other securities, including, without limitation, any exchange of the Common Shares for other securities upon completion of the Transactions, or any sale, lease, exchange, transfer or conveyance of the property, undertaking and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity (any of such events being a **"Capital Reorganization"),** any Registered Warrantholder who has not exercised its right of acquisition prior to the effective date of such Capital Reorganization, upon the exercise of such right thereafter, shall be entitled to receive upon payment of the Exercise Price and shall accept, in lieu of the number of Common Shares that prior to such effective date the Registered Warrantholder would have been entitled to receive, the number of shares or other securities or property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such Capital Reorganization, that such Registered Warrantholder would have been entitled to receive on such Capital Reorganization, if, on the effective date thereof, as the case may be, the Registered Warrantholder had been the registered holder of the number of Common Shares to which prior to such effective date it was entitled to acquire upon the exercise of the Warrants. If determined appropriate by the Warrant Agent, relying on advice of Counsel, to give effect to or to evidence the provisions of this Section 4.1(d), the Corporation, its successor, or such purchasing body corporate, partnership, trust or other entity, as the case may be, shall, prior to or contemporaneously with any such Capital Reorganization, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the Warrantholders to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Registered Warrantholder is entitled on the exercise of its acquisition rights thereafter. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Warrant Agent pursuant to the provisions of this Section 4.1(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 8 hereof. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity and the Warrant Agent shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive reclassifications, redesignations, capital reorganizations, arrangements, amalgamations, consolidations, mergers, sales or conveyances;

(e) in any case in which this Section 4.1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Registered Warrantholder of any Warrant exercised after the record date and prior to completion of such event the additional Common Shares issuable by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such Registered Warrantholder an appropriate instrument evidencing such Registered Warrantholder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the relevant date of exercise or such later date as such Registered Warrantholder would, but for the provisions of this Section 4.1(e), have become the holder of record of such additional Common Shares pursuant to Section 4.1;

(f) in any case in which Section 4.1 (a)(iii), Section 4.1(b) or Section 4.1(c) require that an adjustment be made to the Exercise Price, no such adjustment shall be made if the Warrantholders of the outstanding Warrants receive, subject to any required stock exchange or regulatory approval, the rights or warrants referred to in Section 4.1 (a)(iii), Section 4.1(b) or the shares, rights, options, warrants, evidences of indebtedness or assets referred to in Section 4.1(c), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Warrant having then been exercised into Common Shares at the Exercise Price in effect on the applicable record date or effective date, as the case may be;

(g) the adjustments provided for in this Section 4.1 are cumulative, and shall, in the case of adjustments to the Exercise Price be computed to the nearest whole cent and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 4.1, provided that, notwithstanding any other provision of this Section, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price then in effect; provided, however, that any adjustments which by reason of this Section 4.1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; and

(h) after any adjustment pursuant to this Section 4.1, the term "Common Shares" where used in this Indenture shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, the Registered Warrantholder is entitled to receive upon the exercise of his Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Registered Warrantholder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 4.1, upon the full exercise of a Warrant.

Section 4.2 Entitlement to Common Shares on Exercise of Warrant.

All Common Shares or shares of any class or other securities, which a Registered Warrantholder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to this Article 4, shall, for the purposes of the interpretation of this Indenture, be deemed to be Common Shares which such Registered Warrantholder is entitled to acquire pursuant to such Warrant.

Section 4.3 No Adjustment for Certain Transactions.

Notwithstanding anything in this Article 4, no adjustment shall be made in the acquisition rights attached to the Warrants if the issue of Common Shares is being made pursuant to this Indenture or in connection with (a) any stock option plan, share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Corporation; or (b) the satisfaction of existing instruments issued at the date hereof.

Section 4.4 Determination by Independent Firm.

In the event of any question arising with respect to the adjustments provided for in this Article 4 such question shall be conclusively determined by an independent firm of chartered accountants other than the Auditors, who shall have access to all necessary records of the Corporation, and such determination shall be binding upon the Corporation, the Warrant Agent, all holders and all other persons interested therein.

Section 4.5 Proceedings Prior to any Action Requiring Adjustment.

As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Corporation shall take any action which may, in the opinion of Counsel, be necessary in order that the Corporation has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Common Shares which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.

Section 4.6 Certificate of Adjustment.

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 4.1, deliver a certificate of the Corporation to the Warrant Agent specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Corporation's Auditors verifying such calculation, if requested by the Warrant Agent. The Warrant Agent shall rely, and shall be protected in so doing, upon the certificate of the Corporation or of the Corporation's Auditor and any other document filed by the Corporation pursuant to this Article 4 for all purposes.

Section 4.7 Notice of Special Matters.

The Corporation covenants with the Warrant Agent that, so long as any Warrant remains outstanding, it will give notice to the Warrant Agent and to the Warrantholders of its intention to fix a record date that is prior to the Expiry Date for any matter for which an adjustment may be required pursuant to Section 4.1. Such notice shall specify the particulars of such event and the record date for such event, provided that the Corporation shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 14 days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Corporation shall promptly, after the adjustment is determinable, file with the Warrant Agent a computation of the adjustment and give notice to the Warrantholders of such adjustment computation.

Section 4.8 No Action after Notice.

The Corporation covenants with the Warrant Agent that it will not close its transfer books or take any other corporate action which might deprive the Registered Warrantholder of the opportunity to exercise its right of acquisition pursuant thereto during the period of 14 days after the giving of the certificate or notices set forth in Section 4.6 and Section 4.7.

Section 4.9 Other Action.

If the Corporation, after the date hereof, shall take any action affecting the Common Shares other than completing the Transactions or an action described in Section 4.1, which in the reasonable opinion of the directors of the Corporation would materially affect the rights of Warrantholders, the Exercise Price and/or Exchange Rate, the number of Common Shares which may be acquired upon exercise of the Warrants shall be adjusted in such manner and at such time, by action of the directors, acting reasonably and in good faith, in their sole discretion as they may determine to be equitable to the Warrantholders in the circumstances, provided that no such adjustment will be made unless any requisite prior approval of any stock exchange on which the Common Shares are listed for trading has been obtained.

Section 4.10 Protection of Warrant Agent.

The Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any Registered Warrantholder to determine whether any facts exist which may require any adjustment contemplated by Section 4.1, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;

(b) be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any other securities or property which may at any time be issued or delivered upon the exercise of the rights attaching to any Warrant;

(c) be responsible for any failure of the Corporation to issue, transfer or deliver Common Shares or certificates for the same upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article; and

(d) incur any liability or be in any way responsible for the consequences of any breach on the part of the Corporation of any of the representations, warranties or covenants herein contained or of any acts of the directors, officers, employees, agents or servants of the Corporation.

Section 4.11 Participation by Warrantholder.

No adjustments shall be made pursuant to this Article 4 if the Warrantholders are entitled to participate in any event described in this Article 4 on the same terms, mutatis mutandis, as if the Warrantholders had exercised their Warrants prior to, or on the effective date or record date of, such event.

Section 4.12 Regulatory Approval of Adjustments.

Notwithstanding the foregoing, any adjustment to the Exercise Price and/or Exchange Rate may be subject to the prior written consent of the CSE.

ARTICLE 5
RIGHTS OF THE CORPORATION AND COVENANTS

Section 5.1 Optional Purchases by the Corporation.

Subject to compliance with applicable securities legislation and approval of applicable regulatory authorities, if any, the Corporation may from time to time purchase by private contract or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the directors, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons and on such other terms as the Corporation, in its sole discretion, may determine. In the case of Certificated Warrants, Warrant Certificates representing the Warrants purchased pursuant to this Section 5.1 shall forthwith be delivered to and cancelled by the Warrant Agent and reflected accordingly on the register of Warrants. In the case of Uncertificated Warrants, the Warrants purchased pursuant to this Section 5.1 shall be reflected accordingly on the register of Warrant and in accordance with procedures prescribed by the Depository under the book entry registration system. No Warrants shall be issued in replacement thereof.

Section 5.2 General Covenants.

The Corporation covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that so long as any Warrants remain outstanding:

(a) it will reserve and keep available a sufficient number of Common Shares for the purpose of enabling it to satisfy its obligations to issue Common Shares upon the exercise of the Warrants;

(b) it will cause the Common Shares from time to time acquired pursuant to the exercise of the Warrants to be duly issued and delivered in accordance with the Warrants and the terms hereof;

(c) all Common Shares which shall be issued upon exercise of the right to acquire provided for herein shall be fully paid and non-assessable;

(d) it will use commercially reasonable efforts to maintain its existence; provided that this clause shall not be construed as limiting or restricting the Corporation from agreeing to a consolidation, amalgamation, arrangement, takeover bid or merger even if the consideration being offered are not securities that are listed and posted for trading on a recognized Canadian stock exchange, provided that such transaction has been approved in accordance with the requirements of applicable corporate and securities laws and the rules and policies of the applicable stock exchange;

(e) generally, it will well and truly perform and carry out all of the acts or things to be done by it as provided in this Indenture; and

(f) the Corporation will promptly notify the Warrant Agent and the Warrantholders in writing of any default under the terms of this Warrant Indenture which remains unrectified for more than five days following its occurrence.

Carpincho covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that so long as any Warrants remain outstanding following completion of the Transactions:

(a) it will use commercially reasonable efforts to ensure that all Common Shares outstanding or issuable from time to time (including without limitation the Common Shares issuable on the exercise of the Warrants) continue to be or are listed and posted for trading on the CSE (or such other Canadian stock exchange acceptable to the Corporation), provided that this clause shall not be construed as limiting or restricting the Corporation from completing a consolidation, amalgamation, arrangement, takeover bid or merger that would result in the Common Shares ceasing to be listed and posted for trading on such exchanges, so long as the holders of the Common Shares have approved the transaction in accordance with the requirements of applicable corporate and securities laws and the policies of such exchanges or the holders of Common Shares receive securities of an entity which is listed on a stock exchange in Canada or cash; and

(b) it will make all requisite filings under and otherwise take all requisite steps under and satisfy applicable Canadian securities legislation including those filings and other steps necessary to remain a reporting issuer not in default in each of the provinces and other Canadian jurisdictions where it is or becomes a reporting issuer.

Section 5.3 General Covenants. Warrant Agent's Remuneration and Expenses.

The Corporation covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Warrant Agent in the administration or execution of its duties and obligations hereunder (including the reasonable compensation and the disbursements of its Counsel and all other advisers and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bear interest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This Section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

Section 5.4 Performance of Covenants by Warrant Agent.

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Warrant Agent may notify the Warrantholders of such failure on the part of the Corporation and may itself perform any of the covenants capable of being performed by it but, subject to Section 9.2, shall be under no obligation to perform said covenants or to notify the Warrantholders of such performance by it. All sums expended or advanced by the Warrant Agent in so doing shall be repayable as provided in Section 5.3. No such performance, expenditure or advance by the Warrant Agent shall relieve the Corporation of any default hereunder or of its continuing obligations under the covenants herein contained.

Section 5.5 Enforceability of Warrants.

The Corporation covenants and agrees that it is duly authorized to create and issue the Warrants to be issued hereunder and that the Warrants, when issued and Authenticated as herein provided, will be valid and enforceable against the Corporation in accordance with the provisions hereof and the terms hereof and that, subject to the provisions of this Indenture, the Corporation will cause the Common Shares from time to time acquired upon exercise of Warrants issued under this Indenture to be duly issued and delivered in accordance with the terms of this Indenture.

ARTICLE 6
ENFORCEMENT

Section 6.1 Suits by Warrantholders.

All or any of the rights conferred upon any Registered Warrantholder by any of the terms of this Indenture may be enforced by the Registered Warrantholder by appropriate proceedings but without prejudice to the right which is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the Warrantholders.

Section 6.2 Suits by the Corporation.

The Corporation shall have the right to enforce full payment of the Exercise Price of all Common Shares issued by the Warrant Agent to a Registered Warrantholder hereunder and shall be entitled to demand such payment from the Registered Warrantholder or alternatively to instruct the Warrant Agent to cause the cancellation of the share certificates and amend the securities register accordingly.

Section 6.3 Immunity of Shareholders, etc.

The Warrant Agent and the Warrantholders hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any incorporator or any past, present or future shareholder, trustee, employee or agent of the Corporation or any successor Corporation on any covenant, agreement, representation or warranty by the Corporation herein. Only the Corporation shall be bound in respect hereof.

Section 6.4 Waiver of Default.

Upon the happening of any default hereunder:

(a) the Warrantholders of not less than a majority of the Warrants then outstanding shall have power (in addition to the powers exercisable by Extraordinary Resolution) by requisition in writing to instruct the Warrant Agent to waive any default hereunder and the Warrant Agent shall thereupon waive the default upon such terms and conditions as shall be prescribed in such requisition; or

(b) the Warrant Agent shall have power to waive any default hereunder upon such terms and conditions as the Warrant Agent may deem advisable, on the advice of Counsel, if, in the Warrant Agent's opinion, based on the advice of Counsel, the same shall have been cured or adequate provision made therefor;

provided that no delay or omission of the Warrant Agent or of the Warrantholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein and provided further that no act or omission either of the Warrant Agent or of the Warrantholders in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder of the rights resulting therefrom.

ARTICLE 7

MEETINGS OF REGISTERED WARRANTHOLDERS Section 7.1 Right to Convene Meetings.

The Warrant Agent may at any time and from time to time, and shall on receipt of a written request of the Corporation or of a Warrantholders' Request and upon being indemnified and funded to its reasonable satisfaction by the Corporation or by the Warrantholders signing such Warrantholders' Request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Warrantholders. If the Warrant Agent fails to so call a meeting within seven days after receipt of such written request of the Corporation or such Warrantholders' Request and the indemnity and funding given as aforesaid, the Corporation or such Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, in the Province of Ontario, or at such other place as may be approved or determined by the Warrant Agent.

Section 7.2 Notice.

At least 21 days' prior written notice of any meeting of Warrantholders shall be given to the Warrantholders in the manner provided for in Section 10.2 and a copy of such notice shall be sent by mail to the Warrant Agent (unless the meeting has been called by the Warrant Agent) and to the Corporation (unless the meeting has been called by the Corporation). Such notice shall state the time when and the place where the meeting is to be held, shall state briefly the general nature of the business to be transacted thereat and shall contain such information as is reasonably necessary to enable the Warrantholders to make a reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Section 7.2.

Section 7.3 Chairman.

An individual (who need not be a Registered Warrantholder) designated in writing by the Warrant Agent shall be chairman of the meeting and if no individual is so designated, or if the individual so designated is not present within fifteen minutes from the time fixed for the holding of the meeting, the Warrantholders present in person or by proxy shall choose an individual present to be chairman.

Section 7.4 Quorum.

Subject to the provisions of Section 7.11, at any meeting of the Warrantholders a quorum shall consist of Registered Warrantholder(s) present in person or by proxy holding at least 25% of the then outstanding Warrants. If a quorum of the Warrantholders shall not be present within thirty minutes from the time fixed for holding any meeting, the meeting, if summoned by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day, in which case it shall be adjourned to the next following Business Day) at the same time and place and no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting which might have been dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless a quorum be present at the commencement of business. At the adjourned meeting the Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not hold at least 25% of the aggregate number of all then outstanding Warrants.

Section 7.5 Power to Adjourn.

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

Section 7.6 Show of Hands.

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an Extraordinary Resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

Section 7.7 Poll and Voting.

(1) On every Extraordinary Resolution, and on any other question submitted to a meeting and after a vote by show of hands when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy and holding in the aggregate at least 5% of the aggregate number of Warrants then outstanding, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by Extraordinary Resolution shall be decided by a majority of the votes cast on the poll.

(2) On a show of hands, every person who is present and entitled to vote, whether as a Registered Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Registered Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each Warrant then held or represented by it. A proxy need not be a Registered Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by him.

Section 7.8 Regulations.

(1) The Warrant Agent, or the Corporation with the approval of the Warrant Agent, may from time to time make and from time to time vary such regulations as it shall think fit for the setting of the record date for a meeting for the purpose of determining Warrantholders entitled to receive notice of and to vote at the meeting.

(2) Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Registered Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to Section 7.9), shall be Warrantholders or proxies of Warrantholders.

Section 7.9 Corporation and Warrant Agent May be Represented.

The Corporation and the Warrant Agent, by their respective directors, officers, agents, and employees and the Counsel for the Corporation and for the Warrant Agent may attend any meeting of the Warrantholders.

Section 7.10 Powers Exercisable by Extraordinary Resolution.

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warrantholders at a meeting shall, subject to the provisions of Section 7.11, have the power exercisable from time to time by Extraordinary Resolution:

(a) to agree to any modification, abrogation, alteration, compromise or arrangement of the rights of Warrantholders or the Warrant Agent in its capacity as warrant agent hereunder (subject to the Warrant Agent's prior consent, acting reasonably) or on behalf of the Warrantholders against the Corporation whether such rights arise under this Indenture or otherwise;

(b) to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Warrantholders;

(c) to direct or to authorize the Warrant Agent, subject to Section 9.2(2) hereof, to enforce any of the covenants on the part of the Corporation contained in this Indenture or to enforce any of the rights of the Warrantholders in any manner specified in such Extraordinary Resolution or to refrain from enforcing any such covenant or right;

(d) to waive, and to direct the Warrant Agent to waive, any default on the part of the Corporation in complying with any provisions of this Indenture either unconditionally or upon any conditions specified in such Extraordinary Resolution;

(e) to restrain any Registered Warrantholder from taking or instituting any suit, action or proceeding against the Corporation for the enforcement of any of the covenants on the part of the Corporation in this Indenture or to enforce any of the rights of the Warrantholders;

(f) to direct any Registered Warrantholder who, as such, has brought any suit, action or proceeding to stay or to discontinue or otherwise to deal with the same upon payment of the costs, charges and expenses reasonably and properly incurred by such Registered Warrantholder in connection therewith;

(g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Corporation, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;

(h) with the consent of the Corporation, such consent not to be unreasonably withheld, to remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed; and

(i) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any shares or other securities of the Corporation.

Section 7.11 Meaning of Extraordinary Resolution.

(1) The expression **"Extraordinary Resolution"** when used in this Indenture means, subject as hereinafter provided in this Section **7.11** and in Section **7.14,** a resolution: (i) proposed at a meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article **7** at which there are present in person or by proxy Warrantholders holding in the aggregate at least 25% of the aggregate number of Warrants then outstanding and passed by the affirmative votes of Warrantholders holding not less than 66 $^{1}/_{3}$% of the aggregate number of Warrants then outstanding at the meeting and voted on the poll upon such resolution; or (ii) in writing signed by the holders of at least 66 $^{2}/_{3}$% of the then outstanding Warrants on any matter that would otherwise be voted upon at a meeting called to approve such resolution as contemplated in this Section **7.11(1).** outstanding Warrants are not present in person or by proxy at such adjourned meeting.

(2) If, at the meeting at which an Extraordinary Resolution is to be considered, Warrantholders holding at least 25% of the aggregate number of Warrants then outstanding are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 15 or more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 14 days' prior notice shall be given of the time and place of such adjourned meeting in the manner provided for in Section 10.2. Such notice shall state that at the adjourned meeting the Warrantholders present in person or by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Warrantholders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in Section 7.11(1) shall be an Extraordinary Resolution within the meaning of this Indenture notwithstanding that Warrantholders holding at least 25% of the aggregate number of the then outstanding Warrants are not in person or by proxy at such adjourned meeting.

(3) Subject to Section 7.14, votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

Section 7.12 Powers Cumulative.

Any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers or any combination of powers from time to time shall not be deemed to exhaust the right of the Warrantholders to exercise such power or powers or combination of powers then or thereafter from time to time.

Section 7.13 Minutes.

Minutes of all resolutions and proceedings at every meeting of Warrantholders shall be made and duly entered in books to be provided from time to time for that purpose by the Warrant Agent at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman or the secretary of the meeting at which such resolutions were passed or proceedings had shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken shall be deemed to have been duly passed and taken.

Section 7.14 Instruments in Writing.

All actions which may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 7 may also be taken and exercised by Warrantholders holding not less than a majority or in the case of an Extraordinary Resolution, holding not less than 66 $^{2}/_{3}$%, of the aggregate number of all of the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by attorney duly appointed in writing, and the expression **"Extraordinary Resolution"** when used in this Indenture shall include an instrument so signed by holders of not less than 66 $^{2}/_{3}$% of the aggregate number of all of the then outstanding Warrants.

Section 7.15 Binding Effect of Resolutions.

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article 7 at a meeting of Warrantholders shall be binding upon all the Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Warrantholders in accordance with Section 7.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

Section 7.16 Holdings by Corporation Disregarded.

In determining whether Warrantholders are holding the required number of Warrants at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, Extraordinary Resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Corporation shall be disregarded in accordance with the provisions of Section 10.7.

ARTICLE 8
SUPPLEMENTAL INDENTURES

Section 8.1 Provision for Supplemental Indentures for Certain Purposes.

Subject to regulatory approval, from time to time, the Corporation (when authorized by action of the directors) and the Warrant Agent may, subject to the provisions hereof and they shall, when so directed in accordance with the provisions hereof, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) setting forth any adjustments resulting from the application of the provisions of Article 4;

(b) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of Counsel, are necessary or advisable in the premises, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of Counsel, prejudicial to the interests of the Warrantholders;

(c) giving effect to any Extraordinary Resolution passed as provided in Section 7.11;

(d) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining a listing or quotation of the Warrants on any stock exchange, provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of Counsel, prejudicial to the interests of the Warrantholders;

(e) adding to or altering the provisions hereof in respect of the transfer of Warrants, making provision for the exchange of Warrants, and making any modification in the form of the Warrant Certificates which does not affect the substance thereof;

(f) modifying any of the provisions of this Indenture, including relieving the Corporation from any of the obligations, conditions or restrictions herein contained, provided that such modification or relief shall be or become operative or effective only if, in the opinion of the Warrant Agent, relying on the advice of Counsel, such modification or relief in no way prejudices any of the rights of the Warrantholders or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any such supplemental indenture which in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative;

(g) providing for the issuance of additional Warrants hereunder, including Warrants in excess of the number set out in Section 2.1 and any consequential amendments hereto as may be required by the Warrant Agent relying on the advice of Counsel; and

(h) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions herein, provided that in the opinion of the Warrant Agent, relying on the advice of Counsel, the rights of the Warrant Agent and of the Warrantholders are in no way prejudiced thereby.

Section 8.2 Successor Entities.

Except in relation to the Transactions, in the case of the consolidation, amalgamation, arrangement, merger or transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to or with another entity **("successor entity"),** the successor entity resulting from such consolidation, amalgamation, arrangement, merger or transfer (if not the Corporation) shall expressly assume, by supplemental indenture satisfactory in form to the Warrant Agent and executed and delivered to the Warrant Agent, the due and punctual performance and observance of each and every covenant and condition of this Indenture to be performed and observed by the Corporation. For greater certainty, Section 1.8 shall apply to the Transactions.

ARTICLE 9
CONCERNING THE WARRANT AGENT

Section 9.1 Warrant Indenture Legislation.

(1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(2) The Corporation and the Warrant Agent agree that each will, at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of Applicable Legislation.

Section 9.2 Rights and Duties of Warrant Agent.

(1) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall exercise that degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(2) The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice by the Warrant Agent, sufficient funds to commence or to continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent to protect and to hold harmless the Warrant Agent and its officers, directors, employees and agents, against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or to risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(3) The Warrant Agent may, before commencing or at any time during the continuance of any such act, action or proceeding, require the Warrantholders, at whose instance it is acting to deposit with the Warrant Agent the Warrants Certificates held by them, for which Warrants the Warrant Agent shall issue receipts.

(4) Every provision of this Indenture that by its terms relieves the Warrant Agent of liability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation.

Section 9.3 Evidence, Experts and Advisers.

(1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Corporation shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof, and in such form, as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Corporation.

(2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, rely as to the truth of the statements and the accuracy of the opinions expressed in statutory declarations, opinions, reports, written requests, consents, or orders of the Corporation, certificates of the Corporation or other evidence furnished to the Warrant Agent pursuant to a request of the Warrant Agent, provided that the Warrant Agent examines the same and determines that such evidence complies with the applicable requirements of this Indenture.

(3) Whenever it is provided in this Indenture or under Applicable Legislation that the Corporation shall deposit with the Warrant Agent resolutions, certificates, reports, opinions, requests, orders or other documents, it is intended that the truth, accuracy and good faith on the effective date thereof and the facts and opinions stated in all such documents so deposited shall, in each and every such case, be conditions precedent to the right of the Corporation to have the Warrant Agent take the action to be based thereon.

(4) Whenever Applicable Legislation requires that evidence referred to in Subsection 9.3(1) be in the form of a statutory declaration, the Warrant Agent may accept such statutory declaration in lieu of a certificate of the Corporation required by any provision hereof. Any such statutory declaration may be made by one or more of the Chairman of the Board and Chief Executive Officer, President and Chief Operating Officer, Executive Vice-President, Vice-President, Secretary, Controller, Treasurer, or any Assistant-Secretary or Assistant-Treasurer of the Corporation.

(5) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by the certificate of a notary, solicitor or commissioner for oaths, or other officer with similar powers, that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(6) The Warrant Agent may employ or retain such Counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any Counsel, and shall not be responsible for any misconduct or negligence on the part of any such experts or advisers who have been appointed with due care by the Warrant Agent. The Corporation shall pay or reimburse the Warrant Agent for any reasonable fees, expenses and disbursements of such counsel or advisors.

(7) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any Counsel, accountant, appraiser, engineer or other expert or adviser, whether retained or employed by the Corporation or by the Warrant Agent, in relation to any matter arising in the administration of the agency hereof.

Section 9.4 Documents, Monies, etc. Held by Warrant Agent.

(1) Any monies, securities, documents of title or other instruments that may at any time be held by the Warrant Agent shall be placed in the deposit vaults of the Warrant Agent or of any Canadian chartered bank listed in Schedule I of the ***Bank Act*** (Canada), or deposited for safekeeping with any such bank. Any monies held pending the application or withdrawal thereof under any provisions of this Indenture, shall be held, invested and reinvested in "Permitted Investments" as directed in writing by the Corporation. "Permitted Investments" shall be treasury bills guaranteed by the Government of Canada having a term to maturity not to exceed ninety (90) days, or term deposits or bankers' acceptances of a Canadian chartered bank having a term to maturity not to exceed ninety (90) days, or such other investments that is in accordance with the Warrant Agent's standard type of investments. Unless otherwise specifically provided herein, all interest or other income received by the Warrant Agent in respect of such deposits and investments shall belong to the Corporation.

(2) Any written direction for the investment or release of funds received shall be received by the Warrant Agent by 9:00 a.m. (Toronto time) on the Business Day on which such investment or release is to be made, failing which such direction will be handled on a commercially reasonable efforts basis and may result in funds being invested or released on the next Business Day.

(3) The Warrant Agent shall have no responsibility or liability for any diminution of any funds resulting from any investment made in accordance with this Indenture, including any losses on any investment liquidated prior to maturity in order to make a payment required hereunder.

(4) In the event that the Warrant Agent does not receive a direction or receives only a partial direction, the Warrant Agent may hold cash balances constituting part or all of such monies and may, but need not, invest same in its deposit department, the deposit department of one of its affiliates, or the deposit department of a Canadian chartered bank; but the Warrant Agent, its affiliates or a Canadian chartered bank shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

Section 9.5 Actions by Warrant Agent to Protect Interest.

The Warrant Agent shall have power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders.

Section 9.6 Warrant Agent Not Required to Give Security.

The Warrant Agent shall not be required to give any bond or security in respect of the execution of the agency and powers of this Indenture or otherwise in respect of the premises.

Section 9.7 Protection of Warrant Agent.

By way of supplement to the provisions of any law for the time being relating to the Warrant Agent it is expressly declared and agreed as follows:

(a) the Warrant Agent shall not be liable for or by reason of any statements of fact or recitals in this Indenture or in the Warrant Certificates (except the representation contained in Section 9.9 or in the authentication of the Warrant Agent on the Warrant Certificates) or be required to verify the same, but all such statements or recitals are and shall be deemed to be made by the Corporation;

(b) nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto;

(c) the Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof;

(d) the Warrant Agent shall not incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Corporation of any of its covenants herein contained or of any acts of any directors, officers, employees, agents or servants of the Corporation;

(e) the Corporation hereby indemnifies and agrees to hold harmless the Warrant Agent, its affiliates, their officers, directors, employees, agents, successors and assigns (the **"Indemnified Parties")** from and against any and all liabilities whatsoever, losses (other than loss of profits), damages (other than contingent damages), penalties, claims, demands, actions, suits, proceedings, costs, charges, assessments, judgments, expenses and disbursements, including reasonable legal fees and disbursements of whatever kind and nature which may at any time be imposed on or incurred by or asserted against the Indemnified Parties, or any of them, whether at law or in equity, in any way caused by or arising, directly or indirectly, in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Indemnified Parties' duties, or any other services that the Indemnified Parties may provide in connection with or in any way relating to this Indenture. The Corporation agrees that its liability hereunder shall be absolute and unconditional regardless of the correctness of any representations of any third parties and regardless of any liability of third parties to the Indemnified Parties, and shall accrue and become enforceable without prior demand or any other precedent action or proceeding; provided that the Corporation shall not be required to indemnify the Indemnified Parties in the event of the gross negligence or wilful misconduct of the Warrant Agent, and this provision shall survive the resignation or removal of the Warrant Agent or the termination or discharge of this Indenture;

(f) notwithstanding the foregoing or any other provision of this Indenture, except for any liability arising out of the Warrant Agent's own gross negligence, wilful misconduct, bad faith or fraud, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainer fees paid by the Corporation to the Warrant Agent under this Indenture in the twelve (12) months immediately prior to the Warrant Agent receiving the first notice of the claim. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages; and

(g) the Warrant Agent shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith or for any mistake, in fact or law, or for anything which it may do or refrain from doing in connection herewith except arising out of its own gross negligence, wilful misconduct, bad faith or fraud.

Section 9.8 Replacement of Warrant Agent; Successor by Merger.

(1) The Warrant Agent may resign its agency and be discharged from all further duties and liabilities hereunder, subject to this Section 9.8, by giving to the Corporation not less than 60 days' prior notice in writing or such shorter prior notice as the Corporation may accept as sufficient. The Warrantholders by Extraordinary Resolution shall have power at any time to remove the existing Warrant Agent and to appoint a new warrant agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new warrant agent unless a new warrant agent has already been appointed by the Warrantholders; failing such appointment by the Corporation, the retiring Warrant Agent or any Registered Warrantholder may apply to a judge of the Superior Court of the Province of Ontario on such notice as such judge may direct, for the appointment of a new warrant agent; but any new warrant agent so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Warrantholders. Any new warrant agent appointed under any provision of this Section 9.8 shall be an entity authorized to carry on the business of a trust company in the Province of Ontario and, if required by the Applicable Legislation for any other provinces, in such other provinces. On any such appointment the new warrant agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Warrant Agent hereunder.

(2) Upon the appointment of a successor warrant agent, the Corporation shall promptly notify the Warrantholders thereof in the manner provided for in Section 10.2.

(3) Any Warrant Certificates Authenticated but not delivered by a predecessor Warrant Agent may be Authenticated by the successor Warrant Agent in the name of the predecessor or successor Warrant Agent.

(4) Any corporation into which the Warrant Agent may be merged or consolidated or amalgamated, or any corporation resulting therefrom to which the Warrant Agent shall be a party, or any corporation succeeding to substantially the corporate trust business of the Warrant Agent shall be the successor to the Warrant Agent hereunder without any further act on its part or any of the parties hereto, provided that such corporation would be eligible for appointment as successor Warrant Agent under Section 9.8(1).

Section 9.9 Conflict of Interest.

(1) The Warrant Agent represents to the Corporation that at the time of execution and delivery hereof no material conflict of interest exists between its role as a Warrant Agent hereunder and its role in any other capacity and agrees that in the event of a material conflict of interest arising hereafter it will, within 90 days after ascertaining that it has such material conflict of interest, either eliminate the same or assign its agency hereunder to a successor Warrant Agent approved by the Corporation and meeting the requirements set forth in Section 9.8(1). Notwithstanding the foregoing provisions of this Section 9.9(1), if any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrant Certificate shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to Section 9.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Corporation and generally may contract and enter into financial transactions with the Corporation without being liable to account for any profit made thereby.

Section 9.10 Acceptance of Agency

The Warrant Agent hereby accepts the agency in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth.

Section 9.11 Warrant Agent Not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver, a receiver and manager or liquidator of all or any part of the assets or undertaking of the Corporation.

Section 9.12 Warrant Agent Not Required to Give Notice of Default.

The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall have been required so to do under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall distinctly specify the default desired to be brought to the attention of the Warrant Agent and in the absence of any such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

Section 9.13 Anti-Money Laundering.

(1) Each party to this Indenture other than the Warrant Agent hereby represents to the Warrant Agent that any account to be opened by, or interest to be held by the Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent's prescribed form as to the particulars of such third party.

(2) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgment, determines that such act might cause it to be in non- compliance with any applicable anti-money laundering, anti-terrorist or economic sanctions legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgment, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering, antiterrorist or economic sanctions legislation, regulation or guideline, then it shall have the right to resign on ten (10) days written notice to the other parties to this Indenture, provided (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such ten (10) day period, then such resignation shall not be effective.

Section 9.14 Compliance with Privacy Code.

The Corporation acknowledges that the Warrant Agent may, in the course of providing services hereunder, collect or receive financial and other personal information about such parties and/or their representatives, as individuals, or about other individuals related to the subject matter hereof, and use such information for the following purposes:

(a) to provide the services required under this Indenture and other services that may be requested from time to time;

(b) to help the Warrant Agent manage its servicing relationships with such individuals;

(c) to meet the Warrant Agent's legal and regulatory requirements; and

(d) if Social Insurance Numbers are collected by the Warrant Agent, to perform tax reporting and to assist in verification of an individual's identity for security purposes.

The Corporation acknowledges and agrees that the Warrant Agent may receive, collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Warrant Agent shall make available on its website or upon request, including revisions thereto. Further, the Corporation agrees that it shall not provide or cause to be provided to the Warrant Agent any personal information relating to an individual who is not a party to this Indenture unless the Corporation has assured itself that such individual understands and has consented to the aforementioned uses and disclosures. The Warrant Agent may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides.

ARTICLE 10
GENERAL

Section 10.1 Notice to the Corporation and the Warrant Agent.

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Corporation or the Warrant Agent shall be deemed to be validly given if delivered, sent by registered letter, postage prepaid, if faxed or if emailed:

(a) If to the Corporation:

10653918 Canada Inc. c/o Cassels
Brock & Blackwell LLP Suite 2100,
Scotia Plaza 40 King Street West
Toronto, ON M5H 3C2

Email: [REDACTED]

Attention: Jay Goldman

(b) If to Carpincho:

181 University Avenue, Suite 800
Toronto, Ontario M5H 2X7
Attention: Lonnie Kirsh

Email: [REDACTED]

(c) If to the Warrant Agent:

Odyssey Trust Company
Stock Exchange Tower
350 - 300 5th Avenue SW
Calgary, AB T2P 3C4

Email: [REDACTED]
Attention: Dan Sander

(2) The Corporation or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in Section 10.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address of the Corporation or the Warrant Agent, as the case may be, for all purposes of this Indenture.

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Corporation hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to the named officer of the party to which it is addressed, as provided in Section 10.1(1), or given by facsimile or email or other means of prepaid, transmitted and recorded communication.

Section 10.2 Notice to Warrantholders.

(1) Unless otherwise provided herein, notice to the Warrantholders under the provisions of this Indenture shall be valid and effective if delivered or sent by ordinary prepaid post addressed to such holders at their post office addresses appearing on the register hereinbefore mentioned and shall be deemed to have been effectively received and given on the date of delivery or, if mailed, on the third Business Day following the date of mailing such notice. In the event that Warrants are held in the name of the Depository, a copy of such notice shall also be sent by electronic communication to the Depository and shall be deemed received and given on the day it is so sent.

(2) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders hereunder could reasonably be considered unlikely to reach its destination, such notice shall be valid and effective only if it is delivered to such Warrantholders to the address for such Warrantholders contained in the register maintained by the Warrant Agent or such notice may be given, at the Corporation's expense, by means of publication in the Globe and Mail, National Edition, or any other English language daily newspaper or newspapers of general circulation in Canada, in each two successive weeks, the first such notice to be published within 5 business days of such event, and any so notice published shall be deemed to have been received and given on the latest date the publication takes place.

(3) Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder will not invalidate any action or proceeding founded thereon.

Section 10.3 Ownership of Warrants.

The Corporation and the Warrant Agent may deem and treat the Warrantholders as the absolute owner thereof for all purposes, and the Corporation and the Warrant Agent shall not be affected by any notice or knowledge to the contrary except where the Corporation or the Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction. The receipt of any such Registered Warrantholder of the Common Shares which may be acquired pursuant thereto shall be a good discharge to the Corporation and the Warrant Agent for the same and neither the Corporation nor the Warrant Agent shall be bound to inquire into the title of any such holder except where the Corporation or the Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction.

Section 10.4 Counterparts.

This Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof. Delivery of an executed copy of this Indenture by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Indenture as of the date hereof.

Section 10.5 Satisfaction and Discharge of Indenture.

Upon the earlier of:

(1) the date of the termination of the Share Exchange Agreement or the Amalgamation Agreement;

(2) The date by which there shall have been delivered to the Warrant Agent for exercise or cancellation all Warrants theretofore Authenticated hereunder, in the case of Certificated Warrants, or such other instructions, in a form satisfactory to the Warrant Agent, in the case of Uncertificated Warrants, or by way of standard processing through the book entry only system in the case of a CDS Global Warrant; and

(3) The Expiry Time;

and if all certificates or other entry on the register representing Common Shares required to be issued in compliance with the provisions hereof have been issued and delivered hereunder or to the Warrant Agent in accordance with such provisions, this Indenture shall cease to be of further effect and the Warrant Agent, on demand of and at the cost and expense of the Corporation and upon delivery to the Warrant Agent of a certificate of the Corporation stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Warrant Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

Section 10.6 Provisions of Indenture and Warrants for the Sole Benefit of Parties and Warrantholders.

Nothing in this Indenture or in the Warrants, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the Warrantholders, as the case may be, any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision herein or therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

Section 10.7 Common Shares or Warrants Owned by the Corporation or its Subsidiaries - Certificate to be Provided.

For the purpose of disregarding any Warrants owned legally or beneficially by the Corporation in Section 7.16, the Corporation shall provide to the Warrant Agent, from time to time, a certificate of the Corporation setting forth as at the date of such certificate:

(a) the names (other than the name of the Corporation) of the Warrantholders which, to the knowledge of the Corporation, are owned by or held for the account of the Corporation; and

(b) the number of Warrants owned legally or beneficially by the Corporation;

and the Warrant Agent, in making the computations in Section 7.16, shall be entitled to rely on such certificate without any additional evidence.

Section 10.8 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other parties or circumstances.

Section 10.9 Force Majeure

No party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

Section 10.10 Assignment, Successors and Assigns

Neither of the parties hereto may assign its rights or interest under this Indenture, except as provided in Section 9.8 in the case of the Warrant Agent, or as provided in Section 8.2 in the case of the Corporation. Subject thereto, this Indenture shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have executed this Indenture under the hands of their proper officers in that behalf as of the date first written above.

10653918 CANADA INC.

By: /s/ Dennis Logan
Name: Dennis Logan
Title: President and CEO

ODYSSEY TRUST COMPANY

By: /s/ Dan Sander
Name: Dan Sander
Title: VP Corporate Trust

By: /s/ Jay Campbell
Name: Jay Campbell
Title: President

CARPINCHO CAPITAL CORP.

By: /s/ Lonnie Kirsh
Name: Lonnie Kirsh
Title: President

SCHEDULE"A"

FORM OF WARRANT

[For all Warrants issued prior to the completion of the Transactions, include the following-.]

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) *[INSERT: DATE OF DISTRIBUTION]* AND (II) THE DATE THE ISSUER BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

[For Warrants issued to U.S. Accredited Investors prior to the completion of the Transactions, include the following-.]

THE OFFER AND SALE OF SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF 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, AND THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPOFRATION, OR (B) OUTSIDE THE UNITED STATES TO A PERSON WHO IS NOT A "U.S. PERSON" IN ACCORDANCE WITH AN APPLICABLE EXEMPTION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THESE SECURITIES MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THESE SECURITIES AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

[For Warrants issued to U.S. Accredited Investors post-Transactions, include the following-.]

THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF 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 ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE 144A THEREUNDER, IF AVAILABLE AND IN COMPLIANCE WITH STATE SECURITIES OR (D) WITHIN THE UNITED STATES, WITH ANY OTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PROVIDED, IN THE CASE OF AN OFFER, SALE, ASSIGNMENT, PLEDGE, ENCUMBRANCE OR OTHER TRANSFER PURSUANT TO (C)(i) OR (D), THE HOLDER SHALL HAVE PROVIDED TO THE CORPORATION AN OPINION OF COUNSEL TO THE EFFECT THAT THE PROPOSED TRANSFER MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, WHICH OPINION AND COUNSEL MUST BE SATISFACTORY TO THE CORPORATION. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA OR ELSEWHERE.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THESE SECURITIES MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THESE SECURITIES AND THE UNDERLYING SECURITIES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE U.S. SECURITIES ACT.

WARRANT

To acquire Common Shares of
10653918 CANADA INC.

(existing pursuant to the federal laws of Canada)

Warrant Certificate No. _____

Certificate for _____ Warrants, each entitling the holder to acquire one (10 Common Share (subject to adjustment as provided for in the Warrant Indenture (as defined below)

CUSIPM

ISIN CA [●]

THIS IS TO CERTIFY THAT, for value received,

(the **"Warrantholder")** is the registered holder of the number of common share purchase warrants (the **"Warrants")** of 10653918 Canada Inc. (the **"Corporation")** specified above, and is entitled, on exercise of these Warrants upon and subject to the terms and conditions set forth herein and in the Warrant Indenture, to purchase at any time before 5:00 p.m. (Calgary time) (the **"Expiry Time")** on ***[●]/[INSERT DATE THAT IS TWO YEARS FOLLOWING THE COMPLETION OF THE TRANSACTIONS]*** (the **"Expiry Date"),** one fully paid and nonassessable common share without par value in the capital of the Corporation as constituted on the date hereof (a **"Common Share")** for each Warrant subject to adjustment in accordance with the terms of the Warrant Indenture.

The right to purchase Common Shares may only be exercised by the Warrantholder within the time set forth above by:

(a) duly completing and executing the exercise form (the **"Exercise Form")** attached hereto; and

(b) surrendering this warrant certificate (the **"Warrant Certificate"),** with the Exercise Form to the Warrant Agent at the principal office of the Warrant Agent, in the City of Calgary, Alberta, together with a certified cheque, bank draft or money order in the lawful money of Canada payable to or to the order of the Corporation in an amount equal to the purchase price of the Common Shares so subscribed for.

The surrender of this Warrant Certificate, the duly completed Exercise Form and payment as provided above will be deemed to have been effected only on personal delivery thereof to, or if sent by mail or other means of transmission on actual receipt thereof by, the Warrant Agent at its principal office as set out above.

Subject to adjustment thereof in the events and in the manner set forth in the Warrant Indenture hereinafter referred to, the exercise price payable for each Common Share upon the exercise of Warrants shall be $1.40 per Common Share (the **"Exercise Price").**

Certificates for the Common Shares subscribed for will be mailed to the persons specified in the Exercise Form at their respective addresses specified therein or, if so specified in the Exercise Form, delivered to such persons at the office where this Warrant Certificate is surrendered. If fewer Common Shares are purchased than the number that can be purchased pursuant to this Warrant Certificate, the holder hereof will be entitled to receive without charge a new Warrant Certificate in respect of the balance of the Warrants not so exercised. No fractional Common Shares will be issued upon exercise of any Warrant.

This Warrant Certificate evidences Warrants of the Corporation issued or issuable under the provisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the **"Warrant Indenture")** dated as of April 26, 2018 among the Corporation, Carpincho Capital Corp. **("Carpincho")** and Odyssey Trust Company, as Warrant Agent, to which Warrant Indenture reference is hereby made for particulars of the rights of the holders of Warrants, the Corporation, Carpincho and the Warrant Agent in respect thereof and the terms and conditions on which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder, by acceptance hereof, assents. The Corporation will furnish to the holder, on request and without charge, a copy of the Warrant Indenture.

Neither the Warrants nor the Common Shares issuable upon exercise hereof have been or will be registered under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act"),** or U.S. state securities laws. The Warrants may not be exercised in the United States, or by or on behalf of, or for the account or benefit of, a U.S. person or a person in the United States, unless (i) this Warrant and such Common Shares have been registered under the U.S. Securities Act and the applicable laws of any such state, or (ii) an exemption from such registration requirements is available and the requirements set forth in the Exercise Form have been satisfied. "United States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

On presentation at the principal office of the Warrant Agent as set out above, subject to the provisions of the Warrant Indenture and on compliance with the reasonable requirements of the Warrant Agent, one or more Warrant Certificates may be exchanged for one or more Warrant Certificates representing in the aggregate an equal number of Warrants as are held under the Warrant Certificate(s) so exchanged.

The Warrant Indenture contains provisions for the adjustment of the Exercise Price payable for each Common Share upon the exercise of Warrants and the number of Common Shares issuable upon the exercise of Warrants in the events and in the manner set forth therein.

The Warrant Indenture also contains provisions making binding on all holders of Warrants outstanding thereunder resolutions passed at meetings of holders of Warrants held in accordance with the provisions of the Warrant Indenture and instruments in writing signed by Warrantholders of Warrants holding a specific majority of the Warrants.

Nothing contained in this Warrant Certificate, the Warrant Indenture or elsewhere shall be construed as conferring upon the holder hereof any right or interest whatsoever as a holder of Common Shares or any other right or interest except as herein and in the Warrant Indenture expressly provided. In the event of any discrepancy between anything contained in this Warrant Certificate and the terms and conditions of the Warrant Indenture, the terms and conditions of the Warrant Indenture shall govern.

Warrants may only be transferred in compliance with the conditions of the Warrant Indenture on the register to be kept by the Warrant Agent in Calgary, or such other registrar as the Corporation, with the approval of the Warrant Agent, may appoint at such other place or places, if any, as may be designated, upon surrender of this Warrant Certificate to the Warrant Agent or other registrar accompanied by a written instrument of transfer in form and execution satisfactory to the Warrant Agent or other registrar and upon compliance with the conditions prescribed in the Warrant Indenture and with such reasonable requirements as the Warrant Agent or other registrar may prescribe and upon the transfer being duly noted thereon by the Warrant Agent or other registrar. Time is of the essence hereof.

This Warrant Certificate will not be valid for any purpose until it has been countersigned by or on behalf of the Warrant Agent from time to time under the Warrant Indenture.

The parties hereto have declared that they have required that these presents and all other documents related hereto be in the English language. Les parties aux presentes declarant qu'elles ont exige que la presente convention, de meme que tous les documents s'y rapportant, soient rediges en anglais.

Any capitalized term in this Warrant Certificate that is not otherwise defined herein, shall have the meaning ascribed thereto in the Warrant Indenture.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be duly executed as of , 2018.

10653918 CANADA INC.

By:
Authorized Signatory

ODYSSEY TRUST COMPANY

By:
Name:
Title:

FORM OF TRANSFER

To: Odyssey Trust Company

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers to (print name and address) the Warrants represented by this Warrant Certificate and hereby irrevocable constitutes and appoints as its attorney with full power of substitution to transfer the said securities on the appropriate register of the Warrant Agent.

In the case of a warrant certificate that contains U.S. restrictive legends substantially in the form set forth in Section 2.5(3) and 2.5(4) of the Warrant Indenture, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

□ (A) the transfer is being made only to the Corporation; or

□ (B) the transfer is being made outside the United States to a person who is not a "U.S. person" (as defined by Regulation S under the U.S. Securities Act) in accordance with an applicable exemption under the U.S. Securities Act and applicable state securities laws.

In the case of a warrant certificate that contains U.S. restrictive legends substantially in the form set forth in Section 2.5(3) and Section 2.5(5) of the Warrant Indenture, the undersigned hereby represents, warrants and certifies that (one (only) of the following must be checked):

□ (A) the transfer is being made only to the Corporation;

□ (B) the transfer is being made outside the United States in compliance with Regulation S under the U.S. Securities Act and in compliance with any applicable local securities laws and regulations and the holder has provided herewith the Declaration for Removal of Legend attached as Schedule "C" to the Warrant Indenture;

□ (C) the transfer is being made pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A under the U.S. Securities Act and in accordance with applicable state securities laws; or

□ (D) the transfer is being made pursuant to the exemption from registration requirements of the U.S. Securities Act provided by (i) Rule 144 under the U.S. Securities Act or (ii) in another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws, and in each case the Corporation shall first have received an opinion of counsel of recognized standing, or other evidence, in either case in form and substance reasonably satisfactory to the Corporation, to such effect.

DATED this day of , .

SPACE FOR GUARANTEES OF)
SIGNATURES (BELOW)

)
) Signature of Transferor

)

)

Guarantor's Signature/Stamp) Name of Transferor

)

REASON FOR TRANSFER – For US Residents only (where the individual(s) or corporation receiving the securities is a US resident). Please select only one (see instructions below).

Gift

in ownership)

Estate

Private Sale

Other (or no change

Date of Event (Date of gift, death or sale): Value per Warrant on the date of event:

CAD OR

USD

CERTAIN REQUIREMENTS RELATING TO TRANSFERS - READ CAREFULLY

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. All securityholders or a legally authorized representative must sign this form. The signature(s) on this form must be guaranteed in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. Notarized or witnessed signatures are not acceptable as guaranteed signatures. As at the time of closing, you may choose one of the following methods (although subject to change in accordance with industry practice and standards):

- **Canada and the USA:** A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed", with the correct prefix covering the face value of the certificate.

- **Canada:** A Signature Guarantee obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed", sign and print their full name and alpha numeric signing number. Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisse Populaires unless they are members of a Medallion Signature Guarantee Program. For corporate holders, corporate signing resolutions, including certificate of incumbency, are also required to accompany the transfer, unless there is a "Signature & Authority to Sign Guarantee" Stamp affixed to the transfer (as opposed to a "Signature Guaranteed" Stamp) obtained from an authorized officer of the

  Royal Bank of Canada, Scotia Bank or TD Canada Trust or a Medallion Signature Guarantee with the correct prefix covering the face value of the certificate.

- **Outside North America:** For holders located outside North America, present the certificates(s) and/or document(s) that require a guarantee to a local financial institution that has a corresponding Canadian or American affiliate which is a member of an acceptable Medallion Signature Guarantee Program. The corresponding affiliate will arrange for the signature to be over-guaranteed.

OR

The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

REASON FOR TRANSFER - FOR US RESIDENTS ONLY

Consistent with US IRS regulations, Odyssey Trust Company is required to request cost basis information from US securityholders. Please indicate the reason for requesting the transfer as well as the date of event relating to the reason. The event date is not the day in which the transfer is finalized, but rather the date of the event which led to the transfer request (i.e. date of gift, date of death of the securityholder, or the date the private sale took place).

SCHEDULE"B" EXERCISE FORM

TO: 10653918 Canada Inc.

AND TO: Odyssey Trust Company
Stock Exchange Tower 350 - 300 5th Avenue SW Calgary, AB T2P 3C4

The undersigned holder of the Warrants evidenced by this Warrant Certificate hereby exercises the right to acquire:

Common Shares of 10653918 Canada Inc. pursuant to the right of such holder
to be issued, and hereby subscribes for, the Common Shares that are issuable pursuant to the exercise of such Warrants on the terms specified in such Warrant Certificate and in the Indenture for an aggregate exercise price of .

The undersigned hereby acknowledges that the undersigned is aware that the Common Shares received on exercise may be subject to restrictions on resale under applicable securities legislation.

Any capitalized term in this Warrant Certificate that is not otherwise defined herein, shall have the meaning ascribed thereto in the Warrant Indenture.

The undersigned hereby represents, warrants and certifies that (check box (a), (b), (c) or (d) as applicable):

☐ (a) the undersigned (i) is not in the United States; (ii) is not a U.S. Person; (iii) is not exercising the Warrants on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (iv) did not acquire the Warrants in the United States or on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States; (v) did not receive an offer to exercise the Warrants in the United States; (vi) did not execute or deliver this Exercise Form in the United States; (vii) delivery of the underlying Common Shares will not be to an address in the United States; and (viii) has, in all other respects, complied with the terms of Regulation S in connection herewith;

☐ (b) the undersigned (i) is a Qualified Institutional Buyer as defined in Rule 144A under the U.S. Securities Act, who first purchased Subscription Receipts on the date of original issuance of the Subscription Receipts and who, in connection with such purchase, executed a U.S. Subscription Agreement; (ii) is exercising the Warrants for its own account or for the account of a disclosed principal that was named in the U.S. Subscription Agreement; (iii) is, and such disclosed principal, if any, is a Qualified Institutional Buyer at the time of exercise of these Warrants; and (iv) confirms the representations and warranties made by the undersigned in the U.S. Subscription Agreement including all applicable schedules attached thereto at the time of the original purchase of the Subscription Receipts remain true and complete as of the date hereof;

☐ (c) the undersigned (i) is a U.S. Accredited Investor, who first purchased Subscription Receipts on the date of original issuance of the Subscription Receipts and who, in connection with such purchase, executed a U.S. Subscription Agreement; (ii) is exercising the Warrants for its own account or for the account of a disclosed principal that was named in the U.S. Subscription Agreement; (iii) is, and such disclosed principal, if any, is a U.S. Accredited Investor at the time of exercise of these Warrants; and (iv) confirms the representations and warranties made by the undersigned in the U.S. Subscription Agreement including all applicable schedules attached thereto at the time of the original purchase of the Subscription Receipts remain true and complete as of the date hereof; or

☐ (d) the undersigned (A) is (i) present in the United States, (ii) a U.S. Person, (iii) a person exercising the Warrants for the account or benefit of a U.S. Person or a person in the United States, or (iv) requesting delivery in the United States of the Common Shares issuable upon such exercise, and (B) has an exemption from the registration requirements of the U.S. Securities Act and all applicable state securities laws for the exercise of the Warrants, and attached hereto is a written opinion of U.S. counsel or other evidence in form and substance reasonably satisfactory to the Corporation to that effect.

If the Warrants are being exercised prior to the completion of the Transactions, then unless Box (a) or (b) above is checked, certificates representing Common Shares will bear the legend set forth in Section 2.5(4) of the Warrant Indenture.

If the Warrants are being exercised post-Transactions, then unless Box (a) or (b) above is checked, certificates representing Common Shares will bear the legend set forth in Section 2.5(5) of the Warrant Indenture.

If Box (d) above is checked, holders are encouraged to consult with the Corporation in advance to determine that the legal opinion tendered in connection with the exercise will be satisfactory in form and substance to the Corporation.

The undersigned hereby exercises the right of such holder to be issued, and hereby subscribes for, Common Shares that are issuable pursuant to the exercise of such Warrants on the terms specified in such Warrant Certificate and in the Warrant Indenture.

The undersigned hereby acknowledges that the undersigned is aware that the Common Shares received on exercise may be subject to restrictions on resale under applicable securities legislation including the resale restrictions in the U.S. Subscription Agreement applicable to QIB Purchasers and U.S. Accredited Investor Purchasers.

The undersigned hereby irrevocably directs that the said Common Shares be issued, registered and delivered as follows:

Name(s) in Full and Social Insurance Number(s) (if applicable)	Address(es)	Number of Common Shares

Please print full name in which certificates representing the Common Shares are to be issued. If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Warrant Agent all eligible transfer taxes or other government charges, if any, and the Form of Transfer must be duly executed.

Once completed and executed, this Exercise Form must be mailed or delivered to Odyssey Trust Company, at Stock Exchange Tower, 350 - 300 5th Avenue SW, Calgary, AB T2P3C4.

DATED this day of , 20_

)
)
Witness) (Signature of Warrantholder, to be the same as
) appears on the face of this Warrant Certificate)
)
) Name of Registered Warrantholder
)

Please check if the certificates representing the Common Shares are to be delivered at the office where this Warrant Certificate is surrendered, failing which such certificates will be mailed to the address set out above. Certificates will be delivered or mailed as soon as practicable after the surrender of this Warrant Certificate to the Warrant Agent.

SCHEDULE"C"

FORM OF DECLARATION OF REMOVAL OF LEGEND

Declarations for Removal of Legend To: Odyssey Trust Company, as Registrar and Transfer Agent for the [warrants/common shares] of [Resulting Issuer] (the "Corporation").

The undersigned (A) acknowledges that the sale of securities of the Corporation 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 undersigned is not (a) an "affiliate" (as 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 "U.S. person" or 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 the a "designated offshore securities market", and neither the seller nor any person acting on its behalf knows that the transaction was prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on any of 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 such securities 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.

By:
Signature

Name (please print)

Date

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 a "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:

Exhibit 10.1

Certain identified information has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential.

INDUSTRIAL REAL ESTATE LEASE

(Multi- Tenant Facility)

ARTICLE ONE: BASIC TERMS

This Article One contains the Basic Terms of this Lease between the Landlord and Tenant named below. Other Articles, Sections and Paragraphs of the Lease referred to in this Article One explain and define the Basic Terms and are to be read in conjunction with the Basic Terms.

Section 1.01. **Date of Lease:** **April 23rd, 2018**

Section 1.02. **Landlord: [REDACTED]**

Section 1.03. **Tenant : MM Development Company, Inc., a Nevada corporation, and, Planet 13 Holdings, Inc., a Canadian corporation, jointly and severally (collectively dba "Planet 13")**

Address of Tenant: **2548 West Desert Inn Road, Las Vegas, Nevada 89109**

Section 1.04. **Premises: The Premises is part of Landlord% multi-tenant real property development known as 2548 W. Desert Inn Rd., Las Vegas, Nevada and described or depicted in Exhibit "A.I" (the "Project"). The Project includes the land, the buildings and all other improvements located on the land, and the common areas described in Paragraph 4.05(a). The Premises is an approximate 112,663 square foot office and warehouse building situated on a portion of a 9.14 acre parcel of land located at 2548 W. Desert Inn, Las Vegas, Nevada, APN 162-08-805-009, inclusive of a portion of yard and parking area as shown on Exhibit "A.2" attached hereto.**

Section 1.05. **Lease Term: Seven (7) years beginning May 01, 2018 ("Commencement Date"), or such other date as is specified in this Lease, and ending on April 30, 2025.**

Section 1.06. **Permitted Uses: (See Article Five) Tenant shall utilize the Premises for general office, administrative purposes, and retail sales of a Marijuana dispensary, Marijuana production (including but not limited to the installation and operation of a commercial kitchen, and other ancillary uses which may include smoking lounge/cafe, a nightclub, and other related uses and all related uses compliant with the laws of the State of Nevada as may be approved by Landlord in its reasonable discretion. Notwithstanding anything contained in the foregoing Tenant shall not conduct any grow facilities on the Premises.**

Section 1.07. **Performance Deed of Trust in Lieu of Guaranty. In lieu of a personal guaranty MM Development Company, Inc., a Nevada corporation, having a financial interest in Tenant shall pledge, in the form of a Performance Deed of Trust (the "Lease Guaranty Deed of Trust") all of its right, title and interest in and to that certain real property more fully described in Exhibit "D" attached herewith and incorporated herein by this reference, and as more fully set forth in Section 13.18.**

Section 1.08. **Brokers: (See Article Fourteen)**

[REDACTED]

Section 1.09. **Commission Payable to Landlord's Broker: (See Article Fourteen) Per separate agreement**

Section 1.10. **Initial Security Deposit: (See Section 3.03) $95,396.00**

Section 1.11. **Vehicle Parking Spaces Allocated to Tenant: (See Section 4.05)**

Section 1.12. Rent and Other Charges Payable by Tenant:

(a) BASE RENT:

Period	/ SF / Month	$ / Month

[REDACTED]

Tenant shall be responsible for *NNN* expenses for the months Base Rent is abated.

(b) OTHER PERIODIC PAYMENTS: This Lease is net-net-net and Tenant shall be required to pay all of the following: (i) Real Property Taxes (See Section 4.02); (ii) Utilities (See Section 4,03); (iii) Insurance Premiums (See Section 4.04); (iv) Tenant shall pay its pro rate share of Common Area Expenses currently estimated at $0.10 per sq. ft. of the Premises or $12,663.00 per month (See Section 4.05); (v) Impounds for Insurance Premiums and Property Taxes (See Section 4.08); (vi) Maintenance, Repairs and Alterations (See Article Six). All of the foregoing shall be deemed "Additional Rent". As utilized in this Lease the term "Rent" shall be deemed to include Additional Rent and Base Rent. All Additional Rent is subject to increase in an amount and basis as determined by the Landlord as more fully discussed in Article Four below. Tenant's initial pro rata share of all Common Area Expenses is 70.428% of the total.

Section 1.13. Landlord's Share of Profit on Assignment or Sublease: (See Section 9.05) five percent (5%) the Profit (the "Landlord's Share").

Section 1.14. Exhibits/Riders: The following Exhibits are attached to and made a part of this Lease:

Exhibit "A. l" -Site Plan (Project and Premises Description)
Exhibit "A.T" -Yard & Parking Area
Exhibit "B" -Condition of Premises; Tenant Improvement
Exhibit "C" -Rules & Regulations
Exhibit "D" -Performance Deed of Trust

Section 1.15. Option to Extend: So long as Tenant has not been in default of the terms of this Lease Tenant shall be granted two (2) options to renew the Lease each for an additional eighty-four (84) month term upon the same terms and conditions of this Lease, with the exception that the Base Rent shall be adjusted to include Base Rental increases of five percent (5.0%) per annum. Tenant must notify Landlord of its intent to exercise the Option by providing Landlord with written notice no less than six (6) months and no more than nine (9) months prior to the expiration of the Lease Term. This option is assignable by Tenant provided any such assignee has agreed to be bound by the provisions of this Lease and such assignment is in compliance with any other requirements applicable to an assignment as may be set forth herein.

Section 1.16. Payments by Check. All payments due to Landlord of Rent, Additional Rent, or otherwise, shall be payable by electronic who transfer or check (supported by good fluids). Cash payments will not be accepted except in such circumstances wherein Tenant, through no fault of its own, is unable to utilize a banking institution due to the nature of Tenant's business operations. In such circumstances, Landlord may accept cash payment in order to avoid a default by Tenant, but only until Tenant is able to re-establish a banking relationship whereby Tenant will be able to again commence payment by check or wire transfer. Notwithstanding the foregoing, Landlord shall only be obligated to accept cash payment (and only under the circumstances described above) for a period of up to three (3) months.

ARTICLE TWO: LEASE TERM

Section 2.01. Lease of Premises For Lease Term; "Commencement Date". Landlord leases the Premises to Tenant and Tenant leases the Premises from Landlord for the Lease Term. The Lease Term is for the period stated in Section 1.05 above and shall begin and end on the dates specified in Section 1.05 above, unless the beginning or end of the Lease Term is changed under any provision of this Lease. The "Commencement Date" shall be the date specified in Section 1.05 above for the beginning of the Lease Term, unless advanced or delayed under any provision of this Lease.

Section 2.02. Delay in Commencement. Landlord shall not be liable to Tenant if Landlord does not deliver possession of the Premises to Tenant on the Commencement Date. Landlord's non-delivery of the Premises to Tenant on that date shall not affect this Lease or the obligations of Tenant under this Lease except that the Commencement Date shall be delayed until Landlord delivers possession of the Premises to Tenant and the Lease Term shall be extended for a period equal to the delay in delivery of possession of the Premises to Tenant, plus the number: of days necessary to end the Lease Term on the last day of a month. If Landlord does not deliver possession of the Premises to Tenant within sixty (60) days after the Commencement Date, Tenant may elect to cancel this Lease by giving written notice to Landlord within ten (10) days after the sixty (60)-day period ends. If Tenant gives such notice, the Lease shall be canceled and neither Landlord nor Tenant shall have any further obligations to the other. If Tenant does not give such notice, Tenant's right to cancel the Lease shall expire and the Lease Term shall commence upon the delivery of possession of the Premises to Tenant. If delivery of possession of the Premises to Tenant is delayed, Landlord and Tenant shall, upon such delivery, execute an amendment to this Lease setting forth the actual Commencement Date and expiration date of the Lease. Failure to execute such amendment shall not affect the actual Commencement Date and expiration date of the Lease.

Section 2.03. Early Occupancy; Tenant Access; Other Access. Tenant shall be allowed early occupancy of the Premises, subject to the payment of utilities and the option fee per the Proposal to Lease dated October 6, 2017 executed between Landlord and Tenant, upon full execution of the Lease including providing Landlord with a Certificate of Insurance as provided herein and payment of all monies due at execution until the date of Lease Commencement. Tenant's occupancy of the Premises shall be subject to all of the provisions of this Lease. Early occupancy of the Premises shall not advance the expiration date of this Lease. Tenant shall be granted access to the Premises twenty-four (24) hours per day, seven (7) days per week. Tenant acknowledges and agrees that the Premises is part of a larger project and ingress and egress over the various properties comprising the project is hereby permitted. Specifically, and without limiting the generality of the foregoing, Tenant specifically acknowledges and agrees that Building 3 depicted on Exhibit "A" shall have ingress and egress through, on and *over* the driveways on Highland Drive and/or Desert Inn Road in a manner reasonably acceptable to both Tenant and Landlord.

Section 2.04. Holding Over. Tenant shall vacate the Premises upon the expiration or earlier termination of this Lease. Tenant shall reimburse Landlord for and indemnify Landlord against all damages which Landlord incurs from. Tenant's delay in vacating the Premises. If Tenant does not vacate the Premises upon the expiration or earlier termination of the Lease and Landlord thereafter accepts rent from Tenant, Tenant's occupancy of the Premises shall be a "month-to-month" tenancy, subject to all of the terms of this Lease applicable to a month-to-month tenancy, except that the Base Rent then in effect shall be increased to one hundred fifty percent (125%) of the then applicable Base Rent.

Section 2.05. Option to Extend. As stated in Paragraph 1.15 above.

ARTICLE THREE: BASE RENT

Section 3.01. Time and Manner of Payment. Upon execution of this Lease Tenant shall pay the first installment of Base Rent ($69,287.75), the first installment of monthly estimated nnn expenses ($12,663.00) and a Security Deposit in the amount of $95,396.00, Tenant shall thereafter pay Landlord the Base Rent amount stated in Paragraph 1.12(a) above for the fourth month of the Lease Term. On the first day of the fourth month of the Lease term and each month thereafter, Tenant shall pay Landlord the Base Rent in advance without offset, deduction or prior demand. The Base Rent, and any other payment required hereunder shall be payable at Landlord's address or at such other place as Landlord may designate in writing.

Section 3.02. Rent Increases. Increases in Base Rent shall be pursuant to Paragraph 1.12 above.

Section 3.03. Security Deposit; Increases.

(a) Upon execution of this Lease, Tenant shall deposit with Landlord a cash Security Deposit in the amount set forth in Section 1.10 above. Landlord may apply all or part of the Security Deposit to any unpaid rent or other charges due from Tenant or to cure any other defaults of Tenant. If Landlord uses any part of the Security Deposit, Tenant shall restore the Security Deposit to its full amount within ten (10) days after Landlord's written request. Tenant's failure to do so shall be a material default under this Lease. No interest shall be paid on the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts and no trust relationship is created with respect to the Security Deposit.

(b) Each Time the Base Rent is increased, Tenant shall deposit additional funds with Landlord sufficient to increase the Security Deposit to an amount which bears the same relationship to the adjusted Base Rent as the initial Security Deposit bore to the initial Base Rent.

Section 3.04. Termination; Advance Payments; Landlord's Termination Right. Upon termination of this Lease under Article Seven (Damage or Destruction), Article Eight (Condemnation) or any other termination not resulting from Tenant's default, and after Tenant has vacated the Premises in the manner required by this Lease, Landlord shall refined or credit to Tenant (or Tenant's successor) the unused portion of the Security Deposit, any advance rent or other advance payments made by Tenant to Landlord, any amounts paid for real property taxes and other reserves which apply to any time periods after termination of the Lease. Following the initial Lease Term, and in the event Tenant has properly exercised its options to extend the Lease as set forth in Section 1.15, in the event Landlord determines that it desires to redevelopment either the Project or the Premises, based upon a bona fide plan acceptable to the Landlord, Landlord shall have the right to terminate the Lease conditioned upon the following: (a) the termination right shall only become effective during an option period (said termination rights shall not be available to Landlord during the initial Lease Term); (b) Landlord shall provide written notice to the Tenant of the exercise of the termination right thirty (30) days prior to the effective date of termination; (c) within thirty (30) days of Landlord deriving at an acceptable redevelopment plan, or receiving an acceptable letter of intent, offer, or similar memorandum of interest concerning such plan of redevelopment of the Property, Landlord shall inform Tenant, in writing, of such plan or interest from a third party (the "ROFR Notice") and continue to update Tenant on a monthly basis regarding the progress of any negotiations; and (d) in the event Landlord ultimately desires to exercise its termination right, Tenant shall have a right to purchase the Premises ("Tenant's Right of First Refusal") on the exact terms of sale being offered to Landlord in the event landlord is selling the Premises. If Tenant does not exercise Tenant's Right of First Refusal within ten (10) days of the Landlord's delivery of the ROFR Notice described above, Landlord may proceed to terminate the Lease and shall pay Tenant a maximum termination fee of Four Hundred Fifty Thousand Dollars ($450,000.00) amortized over sixty (60) months. By way of example, in the event Landlord exercises the termination right and the effective date of the termination is the first day of the option term the termination fee would be Four Hundred Fifty Thousand Dollars ($450,000.00). If Landlord exercises its termination right and the effective date of the termination is half way through the option term, the termination fee would be Two Hundred Twenty-Five Thousand Dollars ($225,000.00). For further clarity, in the event the termination right is exercised and the effective date of the termination is ninety percent (90%) of the way through the option term, the termination fee would be Forty-Five Thousand Dollars ($45,000.00) (the remaining 10% of the full termination fee). Payment of the termination fee (if such right is exercised) shall be made by Landlord in one (I) lump sum payment. Tenant's Right of First Refusal shall *be* evidenced by a Memorandum of Right of First Refusal in a form acceptable to Landlord in its sole discretion, to be executed by Tenant and Landlord and recorded in the official records of the Clark County Recorder concurrently with the execution of this Lease.

Notwithstanding anything contained herein to the contrary, Landlord may not exercise the termination right set forth in this Section 3.04 if any of the anticipated future uses involves any marijuana related business or establishment that exceeds up to twenty percent (20%) of the Premises. The foregoing limitation shall terminate five (5) years from the date Landlord exercises the termination right set forth in this Section..

ARTICLE FOUR: OTHER CHARGES PAYABLE BY TENANT

Section 4.01. Additional Rent. All charges payable by Tenant other than Base Rent are called "Additional Rent" Unless this Lease provides otherwise, Tenant shall pay all Additional Rent then due with the next monthly installment of Base Rent. The term "Rent" shall mean Base Rent and Additional Rent.

Section 4.02. Property Taxes.

(a) Real Property Taxes. Tenant shall pay all real property taxes on the Premises (including any fees, taxes or assessments against, or as a result o£ any tenant improvements installed on the Premises by or for the benefit of Tenant) during the Lease Term. Subject to Paragraph 4.02(c) and Section 4.08 below, such payment shall be made at least ten (10) days prior to the delinquency date of the taxes. Within such ten (10) day period, Tenant shall furnish Landlord with satisfactory evidence that the real property taxes have been paid. If Tenant fails to pay the real property taxes whene due, Landlord may pay the taxes and Tenant shall reimburse Landlord for the amount of such tax payment as Additional Rent such failure to pay by Tenant shall be a default hereunder.

(b) Definition of "Real Property Tax". "Real property tax" means: (i) any fee, license *fee,* license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty or tax imposed by any taxing authority against the Premises; (ii) any tax on the Landlord's right to receive, or the receipt of, rent or income from the Premsies or against Landlord's business of leasing the Premises; (iii) any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Premises by any governmental agency; (iv) any tax imposed upon this transaction or based upon a reassessment of the Premises due to a change of ownership, as defined by applicable law, or othertransfer of all or part of Landlord's interst in the Premises; and (v) any charge or fee replacing any tax previously included within the definition of real property tax. "Real property tax" does not, however, include Landlord's federal or state income, franchise, inheritance or estate taxes.

(c) Joint Assessment. If the Premises is not separately assessed, Landlord shall reasonably determine Tenant's share of the real property tax payable by Tenant under Paragraph 4.02(a) from the assessor's worksheets or other reasonably available information. Tenant shall pay such share to Landlord within fifteen (15) days after receipt of Landlord's written statement.

(d) Personal Property Taxes.

(1) Tenant shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Tenant. Tenant shall try to have personal property taxed separately from the Premises.

(ii) If any of Tenant's personal property is taxed with the Premises, Tenant shall pay Landlord the taxes for the personal property within fifteen (15) days after Tenant receives a written statement from Landlord for such personal property taxes.

Section 4.03. Utilities. Tenant shall pay, directly to the appropriate supplier, the cost of all natural gas, heat, light, power, sewer service, telephone, water, refuse disposal and other utilities and services supplied to the Premises. However, if any services or utilities are jointly metered with other property, Landlord shall make a reasonable and objective determination of Tenant's proportionate share of the cost of such utilities and services and Tenant shall pay such share to Landlord within fifteen (15) days after receipt of Landlord's written statement.

Section 4.04. Insurance Policies.

(a) Liability Insurance. During the Lease Term, Tenant shall maintain a policy of commercial general liability insurance (sometimes known as broad form comprehensive general liability insurance) insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury arising out of the operation, use or occupancy of the Premises. Tenant shall name Landlord as an additional insured under such policy. The initial amount of such insurance shall be [REDACTED] oroccurrence and shall be subject to periodic increase based upon inflation, increased liability awards, recommendation of Landlord's professional insurance advisers and other relevant factors. The liability insurance obtained by Tenant under this Paragraph 4.04(a) shall (i) be primary and non-contributing (ii) contain cross-liability endorsements; and (iii) insure Landlord against Tenant's performance under Section 5.05, if the matters giving rise to the indemnity under Section 5.05 result from the negligence of Tenant. The amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease. To the extent that, in Landlord's reasonable determination Tenant's existing policies of insurance are insufficient to protect Landlord's reasonable interests, Landlord may also obtain comprehensive public liability insurance in an amount and with coverage reasonably determined by Landlord to be necessary for the purpose of insuring Landlord against liability arising out of ownership, operation, use or occupancy of the Premises. The policy obtained by Landlord shall not be contributory and shall not provide primary insurance.

(b) Premises and Rental Income Insurance. During the Lease Term, Landlord shall maintain policies of insurance covering loss of or damage to the Premises in the full amount of its replacement value. Such policy shall contain an Inflation Guard Endorsement and shall provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), sprinkler leakage and any other perils which Landlord deems reasonably necessary. Landlord shall have the right to obtain flood and earthquake insurance if required by any lender holding a security interest in the Premises. Landlord shall not obtain insurance for Tenant's fixtures or equipment or building improvements installed by Tenant on the Premises. During the Lease Term, Landlord shall also maintain a rental income insurance policy, with loss payable to Landlord, in an amount equal to one year's Base Rent, plus estimated real property taxes and insurance premiums. Tenant shall be liable for the payment of any deductible amount under Landlord's or Tenant's insurance policies maintained pursuant to this Section 4.04, in an amount not to exceed Five Thousand Dollars ($5,000.00). Tenant shall not do or permit anything to be done which invalidates any such insurance policies.

(c) Payment of Premiums. Subject to Section 4.08, Tenant shall pay all premiums for the insurance policies described in Paragraphs 4.04(a) and (b) (whether obtained by Landlord or Tenant) within fifteen (15) days after Tenant's receipt of a copy of the premium statement or other evidence of the amount due, except Landlord shall pay all premiums for non-primary comprehensive public liability insurance which Landlord elects to obtain as provided in Paragraph 4.04(a). For insurance policies maintained by Landlord which cover improvements on the entire Project, Tenant shall pay Tenant's prorated share of the premiums, in accordance with the formula in Paragraph 4.05(e) for determining Tenant's share of Common Area costs. If insurance policies maintained by Landlord cover improvements on real property other than the Project, Landlord shall deliver to Tenant a statement of the premium applicable to the Premises showing in reasonable detail how Tenant's share of the premium was computed. If the Lease Term expires before the expiration of an insurance policy maintained by Landlord, Tenant shall be liable for Tenant's prorated share of the insurance premiums. Before the Commencement Date, Tenant shall deliver to Landlord a copy of any policy of insurance which Tenant is required to maintain under this Section 4.04. At least thirty (30) days prior to the expiration of any such policy, Tenant shall deliver to Landlord a renewal of such policy. As an alternative to providing a policy of insurance, Tenant shall have the right to provide Landlord a Certificate of Insurance, executed by an authorized officer of the insurance company, showing that the insurance which Tenant is required to maintain under this Section 4.04 is in full force and effect and containing such other information which Landlord reasonably requires.

(d) General Insurance Provisions.

(i) Any insurance which Tenant is required to maintain under this Lease shall include a provision which requires the insurance carrier to give Landlord not less than thirty (30) days' written notice prior to any cancellation or modification of such coverage.

(ii) If Tenant fails to deliver any policy, certificate or renewal to Landlord required under this Lease within the prescribed time period or if any such policy is canceled or modified during the Lease Tenn without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance within fifteen (15) days after receipt of a statement that indicates the cost of such insurance.

(iii) Tenant shall maintain all insurance required under this Lease with companies holding a "General Policy Rating" or A-12 or better, as set forth in the most current issue of "Best Key Rating Guide". Landlord and Tenant acknowledge the insurance markets are rapidly changing and that insurance in the form and amounts described in this Section 4.04 may not be available in the future. Tenant acknowledges that the insurance described in this Section 4.04 is for the primary benefit of Landlord. If at any time during the Lease Term, Tenant is unable to maintain the insurance required under the Lease, Tenant shall nevertheless maintain insurance coverage which is customary and commercially reasonable in the insurance industry for Tenant's type of business, as that coverage may change from time to time. Landlord makes no representation as to the adequacy of such insurance to protect Landlord's or Tenant's interests. Therefore, Tenant shall obtain any such additional property or liability insurance which Tenant deems necessary to protect Landlord and Tenant

(iv) Unless prohibited under any applicable insurance policies maintained, Landlord and Tenant each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage. Upon obtaining the required policies of insurance, Landlord and Tenant shall give notice to the insurance carriers of this mutual waiver of subrogation.

Section 4.05. Common Areas; Use, Maintenance and Costs.

(a) Common Areas. As used in this Lease, "Common Areas" shall mean all areas within the Project which are available for the common use of tenants of the Project and which are not leased or held for the exclusive use of Tenant or other tenants, including, but not limited to, parking areas, driveways. sidewalks, loading areas, access roads, corridors, landscaping and planted areas. Landlord, from time to time, may change the size, location, nature and use of any of the Common Areas, convert Common Areas into leasable areas, construct additional parking facilities ('including parking structures) in the Common Areas, and increase or decrease Common Area land and/or facilities. Notwithstanding the foregoing, Landlord may not make any substantive or unreasonable changes to the Common Areas which in any way alter the access to the Premises from surrounding surface streets nor which substantively or unreasonably interfere with the interior traffic flow or parking serving the Premises. Tenant acknowledges that such activities may result in inconvenience to Tenant. Such activities and changes are permitted if they do not materially affect Tenant's use of the Premises.

(b) Use of Common Areas. Tenant shall have the nonexclusive right (in common with other tenants and all others to whom Landlord has granted or may grant such rights) to use the Common Areas for the purposes intended, subject to such reasonable rules and regulations as Landlord may establish from time to time. Tenant shall abide by such rules and regulations and shall use its best effort to cause others who use the Common Areas with Tenant's express or implied permission to abide by Landlord's rules and regulations. Tenant shall not interfere with the rights of Landlord, or other tenants or any other person entitled to use the Common Areas.

(c) Specific Provision re: Vehicle Parking. Tenant shall be entitled to use the vehicle parking spaces within the yard of their Premises (see Subject area in Exhibit "A.2") of the Lease without paying any additional rent. Tenant's parking shaft not be reserved and shall be limited to vehicles no larger than standard size automobiles or pickup utility vehicles. Tenant shall not cause large trucks or other large vehicles to be parked within the Project, other than within the yard area of their Premises, or on the adjacent public streets. Temporary parking of large delivery vehicles in the Project may be permitted by the rules and regulations established by Landlord. Vehicles shall be parked only in striped parking spaces and not in driveway, loading areas or other locations not specifically designated for parking. Handicapped spaces shall only be used by those legally permitted to use them. If Tenant parks vehicles in the common area of the Project of this Lease, such conduct shall be a material breach of this Lease. In addition to Landlord's other remedies under the Lease, Tenant shall pay a daily charge determined by Landlord for each such additional vehicle. The common area as illustrated in Exhibit "A" shall be used solely for the purposes of ingress/egress and for common, day-use only parking for customers of the Project

(d) Maintenance of Common Areas. Landlord shall maintain the Common Areas in good order, condition and repair and shall operate the Project, in Landlord's sole discretion, in a commercially reasonable condition. Tenant shall pay Tenant's pro rata share (as determined below) of all costs incurred by Landlord for the operation and maintenance of the Common Areas. Common Area costs include, but are not limited to, costs and expenses for the following: gardening and landscaping; utilities, water and sewage charges; maintenance of signs (other than tenants' signs); premiums for liability, property damage, fire and other types of casualty insurance on the Common Areas and worker's compensation insurance; all property taxes and assessments levied on or attributable to the Common Areas and all Common Area improvements; all personal property taxes levied on or attributable to personal property used in connection with the Common Areas; straight-line depreciation on personal property owned by Landlord which is consumed in the operation or maintenance of the Common Areas; rental or lease payments paid by Landlord for rented or leased personal property used In the operation or maintenance of the Common Areas; fees for required licenses and permits; repairing, resurfacing, repaving, maintaining, painting, lighting, cleaning, refuse removal, security and similar items; reserves for roof replacement, pavement replacement, exterior painting and other appropriate reserves; and a reasonable allowance to Landlord for Landlord's supervision of the Common Areas (not to exceed ten percent (10%) of the gross rents of the Project for the calendar year). Landlord may cause any or all of such services to be provided by third parties and the cost of such services shall be included in Common Area costs. Common Area costs shall not include depreciation of real property which forms part of the Common Areas. Notwithstanding the foregoing, Common Area costs shall not include: (1) the initial costs of equipment properly chargeable to a capital account using generally accepted accounting principles consistently applied or the original costs of constructing the Premises/Common Areas; (2) expenses for which the Landlord is or will be reimbursed by another source, including but not limited to repair or replacement of any item covered by warranty; (3) costs incurred to benefit (or as a result of) a specific tenant or items and services selectively supplied to any specific tenant; (4) expenses for the defense of the Landlords title to the Property; (5) depreciation and amortization of the Premises or financing costs, including Interest and principal amortization of debts; (6) charitable, lobbying, special interest or political contributions; (7) costs of improving or renovating space for a tenant or space vacated by a tenant; (8) costs to correct original or latent defects in the design, construction or equipment of the Premises/Common Areas; (9) expenses paid directly by any tenant for any reason (such as excessive utility use (10) any repair, rebuilding or other work necessitated by condemnation, fire, windstorm or other insured casualty or hazard; and (1 1) cost of the initial stock of tools and equipment for operation, repair and maintenance of the Premises/Common Areas.

(e) Tenant's Share and Payment. Tenant shall pay Tenant's annual pro rata share of all Common Area costs (prorated for any fractional month) upon written notice from Landlord that such costs are due and payable, and in any event prior to delinquency. Tenants pro rata share shall be calculated by dividing the square foot area of the Premises, as set forth in Section 1.04 of the Lease, by the aggregate square foot area of the Project which is leased or held for lease by tenants, as of the date on which the computation is made. Tenants initial pro rata share is set out in Paragraph 1.12(b). Any changes in the Common Area costs and/or the aggregate area of the Project leased or held for lease during the Lease Term shall be effective on the first day of the month after such change occurs. Landlord may, at Landlords election, estimate in advance and charge to Tenant as Common Area costs, all real property taxes for which Tenant is liable under Section 4.02 of the Lease, all insurance premiums for which Tenant is liable under Section 4.04 of the Lease, all maintenance and repair costs for which Tenant is liable under Section 6.04 of the Lease, and all other Common Area costs payable by Tenant hereunder. At Landlord's election, such statements of estimated Common Area costs shall be delivered monthly, quarterly or at any other periodic intervals to be designated by Landlord. Landlord may adjust such estimates at any time based upon Landlord's experience and reasonable anticipation of costs. Such adjustments shall be effective as of the next Rent payment date after notice to Tenant. Within sixty (60) days after the end of each calendar year of the Lease Term, Landlord shall deliver to Tenant a statement prepared in accordance with generally accepted accounting principles setting forth, in reasonable detail, the Common Area costs paid or incurred by Landlord during the preceding calendar year and Tenant's pro rata share. Upon receipt of such statement, there shall be an adjustment between Landlord and Tenant, with payment to or credit given by Landlord (as the case may be) so that Landlord shall receive the entire amount of Tenant's share of such costs and expenses for such period. Landlord shall keep records showing all expenditures incurred as Common Area costs, Landlord's Insurance and Real Property Taxes for each calendar year for a period of one (1) year following each year, and such records shall be made available for inspection and photocopying by Tenant and/or its agents during ordinary business hours in the city in which the Premises are located. Any dispute with respect to Landlord's calculations of Tenant's share of Common Area costs shall be resolved by the parties through consultation in good faith within sixty (60)days. However, if the dispute cannot be resolved within such period, the parties shall request an audit of the disputed matter from an independent, certified public accountant selected by both Landlord and Tenant, whose decision shall be based on generally accepted accounting principles and shall be final and binding on the parties. If there is a variance of seven percent (7%) or more between said decision and the Landlord's determination, Landlord shall pay the costs of said audit and shall credit any overpayment toward the next rent payment falling due or pay such overpayment to Tenant within thirty (30) days. If the variance is less than seven percent (7%), Tenant shall pay the cost of said audit.

(f) Cap on Controllable Common Area Costs. Tenant shall not be obligated to pay for Controllable Common Area Costs in any year to the extent they have increased by more than five percent (5%) per annum, compounded annually on a cumulative basis from the first full calendar year following the Commencement Date during the Term. For purposes of this Section, Controllable CommonArea Costs shall mean all Common Area costs as set forth in this Section of the Lease, except for taxes, insurance premiums, costs in connection with adverse weather conditions (including, without limitation, snow removal), and repairs or maintenance necessary exclusively as a result of activities of Tenant or its agents at the Project and utility costs. Controllable Common Area Costs shall be determined on an aggregate basis and not on an individual basis, and the cap on Controllable Common Area Costs shall be determined on Common Area costs as they have been adjusted for vacancy or usage pursuant to the terms of the Lease. In the event the original Premises is expanded, the first full calendar year following any expansion shall become the base year for the purposes of calculating the cap on increases to Controllable Operating Expenses after any such expansion date.

Section 4.06. Late Charges. Tenant's failure to pay Rent promptly may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Premises. Therefore, if Landlord does not receive any Rent payment within ten (10) days after it becomes due, Tenant shall pay Landlord a late charge equal to one percent (I%) of the overdue amount per each day such payment is late up to a maximum of ten percent (10%) if such payment is ten (10) or more days late. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

Section 4.07. Interest on Past Due Obligations. Any amount owed by Tenant to Landlord which is not paid when due shall bear interest at the lesser of (i) the prime rate then in effect plus five percent (5%) per annum; or (ii) fifteen percent (15%) from the due date of such amount. However, interest shall not be payable on late charges to be paid by Tenant under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant under this Lease. If the interest rate specified in this Lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law. As used herein, the term "prime rate" shall mean the prime rate as published in the Money Rates Section of The Wall Street Journal; however, if such rate is, at any time during the term of this Agreement, no longer so published, the term prime rate shall mean the average of the prime interest rates which are announced, from time to time, by the three (3) largest banks (by assets) headquartered in the United States which publish a prime, base or reference rate.

Section 44)8. Impounds for Insurance Premiums and Real Property Taxes. If requested by any lender to whom Landlord has granted a security interest in the Premises, or if Tenant is more than ten (10) days late in payment of Rent more than once in any consecutive twelve (12) month period,Tenant shall pay landlord a sum equal to one-twelfth (1/12) of the annual real property taxes and insurance premiums payable by Tenant under this Lease, together with each payment of Base Rent. Landlord shall hold such payments in a non-interest bearing impound account. If unknown, Landlord shall reasonably estimate the amount of real property taxes and insurance premiums when due. Tenant shall pay any deficiency of funds in the impound account to Landlord upon written request. If Tenant defaults under this Lease, Landlord may apply any funds in the impound account to any obligation then due under this Lease.

ARTICLE FIVE: USE OF PREMISES

Section 5.01. Permitted Uses. Tenant may use the Premises only for the Permitted Uses set forth in Section 1.06 above. To Landlord's best knowledge and belief the Permitted Uses are not prohibited by any CC&Rs, loan covenants, declarations, or any other document or agreement which would preclude the use of the Premises for marijuana related uses or which otherwise would prohibit any uses.

Section 5.02. Manner of Use. Tenant shall not cause or permit the Premises to be used in any way which constitutes a violation of any law, ordinance, or governmental regulation or order, which annoys or interferes with the rights of tenants of the Project, or which constitutes a nuisance or waste. Tenant shall obtain and pay for all permits, including a Certificate of Occupancy, required for Tenant's occupancy of the Premises and shall promptly take all actions necessary to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use by Tenant of the Premises, including the Occupational Safety and Health Act.

Section 5.03. Hazardous Materials. As used in this Lease, the term "Hazardous Material" means any flammable items, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials, including any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" now or subsequently regulated under any applicable federal, state or local laws or regulations, including without limitation petroleum-based products, paints, solvents, lead, cyanide,. DDT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, PCBs and similar compounds, and including any different products and materials which are subsequently found to have adverse effects on the environment or the health and safety of persons. Except in instances where such use is reasonable or customary, as defined below, for Tenant's Permitted Uses. Tenant shall not cause or permit any Hazardous Material to be generated, produced, brought upon, used, stored, treated or disposed of in or about the Premises by Tenant, its agents, employees, contractors, sub-lessees or invitees without the prior written consent of Landlord. Landlord shall be entitled to take into account such other factors or facts as Landlord may reasonably determine to be relevant in determining whether to grant or withhold consent to Tenant's proposed activity with respect to Hazardous Material. In no event, however, shall Landlord be required to consent to the installation or use of any storage tanks on the Premises. Reasonable and customary use shall mean Tenant's use of chemicals, compounds, and materials in the formulation and production of goods, which uses are both reasonable and customary in the manufacturing industry, including marijuana production facilities, and which Permitted Uses are permitted and approved under applicable federal, state or local laws.

Section 5.04. Signs and Auctions. Landlord shall permit Tenant to install signage on the Premises subject to Landlord's prior written approval, which approval may not be unreasonably withheld, conditioned or delayed. Additionally, at Tenant's cost, Tenant shall have the right to place signage on the east face of the 3290 S. Highland building (the wall that faces the common parking area of the Premises). Said signage will be affixed in a manner deemed appropriate by the Landlord to such standards as may be adopted by the Landlord in its reasonable discretion. All such signage must be in compliance with all State, County, Municipal and local codes and restrictions, as applicable. Tenant shall be responsible for any and all costs related to said signage. Tenant shall not conduct or permit any auctions or sheriffs sales at the Premises. Please see Exhibit "C" attached.

Section 5.05. Indemnity. Tenant shall indemnify Landlord against and hold Landlord harmless from any and all costs, claims or liability arising from: (a) Tenant's use of the Premises; (b) the conduct of Tenant's business or anything else done or permitted by Tenant to be done in or about the Premises, including any contamination of the Premises or any other property resulting from the presence or use of Hazardous Material caused or permitted by Tenant; (c) any breach or default in the performance of Tenant's obligations under this Lease; (d) any misrepresentation or breach of warranty by Tenant under this Lease; or (e) other acts or omissions of Tenant. Tenant shall defend Landlord against any such cost, claim or liability at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs incurred by Landlord in connection with any such claim. As a material part of the consideration to Landlord, Tenant assumes all risk of damage to property or injury to persons in or about the Premises arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, except for any claim arising out of Landlord's gross negligence or wilful misconduct. As used in this Section, the term "Tenant" shall include Tenant's employees, agents, contractors and invitees, if applicable. Notwithstanding anything contained in the foregoing, Tenant's obligation to indemnify and hold Landlord harmless shall not include any cost, claim or liability arising from, or in connection with those specific environmental conditions disclosed by Landlord in that certain Phase I Environmental Site Report conducted by SCS Engineers (Project No. 01212007.00), dated February 8, 2012 and that certain Ground Water Monitoring Report (201724) conducted by OGI Environmental, dated January 10, 2018 (collectively the "Identified Environmental Issues"). Landlord agrees to indemnify, defend and hold Tenant harmless from claims which may arise directly from the Identified Environmental Issues. Additionally, and except as otherwise herein provided, Landlord and its successors and assigns shall indemnify, defend, and hold Tenant harmless from and against any and all subterranean environmental damages, including the cost of remediation, which result from Hazardous Substances which existed in any subterranean portion of the Premises prior to Tenant's occupancy, or which are caused by the gross negligence or willful misconduct of Landlord, its agents or employees.

Section 5.06. Landlord's Access. Landlord or its agents may enter the Premises at all reasonable times to show the Premises to potential buyers, investors or tenants or other parties; to do any other act or to inspect and conduct tests in order to monitor Tenant's compliance with all applicable environmental laws and all laws governing the presence and use of Hazardous Material; or for any other purpose Landlord deems necessary. Landlord shall give Tenant prior notice of such entry, except in the case of an emergency. Landlord may place "For Sale" or "For Lease" signs on the Premises upon the following conditions: (a) Tenant has notified Landlord that it does not intend to exercise a renewal option; (b) the period of time in which the Tenant was to have exercised a renewal option has lapsed; (c) the Lease has otherwise been terminated pursuant to the terms of the Lease; or (d) Tenant is in the process of vacating or otherwise abandoning the Premises. Landlord acknowledges that the Tenant will have certain obligations relating to the Permitted Use which may limit Landlord's right to access some or all of the Premises and which may require that the Landlord is accompanied by a representative of Tenant during any such access. Landlord shall comply with all of Tenant's security protocols and requirements. Except in the case of emergency, Landlord's access rights granted in this Section 5.06 shall be further subject to all applicable regulations relating to the Permitted Use.

Section 5.07. Quiet Possession. If Tenant is not in default of any of the provisions hereof and pays all Rent and other charges described herein and complies with all other terms of this Lease, Tenant may occupy and enjoy the Premises for the MI Lease Term, subject to the provisions of this Lease.

ARTICLE SIX: CONDITION OP' PREMISES: MAINTENANCE. REPAIRS AND ALTERATIONS

Section 6.01. Existing Conditions. Tenant accepts the Premises in its "AS IS", "WHERE IS" condition as of the execution of the Lease, subject to all recorded matters, laws, ordinances, and governmental regulations and orders. Except as provided herein, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation as to the condition of the Premises or the suitability of the Premises for Tenant's intended use. Tenant represents and warrants that Tenant has made its own inspection of and inquiry regarding the condition of the Premises and is not relying on any representations of Landlord or any Broker with respect thereto.

Section 6.02. Exemption of Landlord from Liability. Landlord shall not be liable for any damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Premises, whether such damage or injury is caused by or results from: (a) fire, steam, electricity, water, gas or rain; (b) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or any other cause; (c) conditions arising in or about the Premises or upon other portions of the Project, or from other sources or places; or (d) any act or omission of any other tenant of the Project. Landlord shall not be liable for any such damage or injury even though the cause of or the means of repairing such damage or injury are not accessible to Tenant. The provisions of this Section 6.02 shall not, however, exempt Landlord from liability for Landlord's gross negligence or willful misconduct.

Section 6.03. Landlord's Obligations.

(a) Except as provided in Article Seven (Damage or Destruction) and Article Eight (Condemnation), Landlord shall keep the following in good order, condition and repair: the foundations, pre-existing underground utilities, exterior walls and roof of the Premises (excluding painting the exterior surface of the exterior walls of the Premises which shall be an obligation of Tenant, if necessary in Landlord's discretion). However, Landlord shall not be obligated to maintain or repair windows, doors, plate glass or the interior surfaces of exterior walls. Landlord shall make repairs under this Section 6.03 within a reasonable time after receipt of written notice from Tenant of the need for such repairs. In no event shall the Landlord be obligated to maintain the heating or air conditioning systems, or any other HVAC/ventilation facilities located in the Premises, all of which shall be the responsibility of Tenant.

(b) Tenant shall pay or reimburse Landlord for all costs Landlord incurs under Paragraph 6.03(a) above as Common Area costs as provided for in Section 4.05 of the Lease. Tenant waives the benefit of any statute in effect now or in the future which might give Tenant the right to make repairs at Landlord's expense or to terminate this Lease due to Landlord's failure to keep the Premises in good order, condition and repair.

Section 6.04. Tenant's Obligations.

(a) Except as provided in Section 6.03, Article Seven (Damage or Destruction) and Article Eight (Condemnation), Tenant shall keep all portions of the Premises (including structural, nonstructural, interior, systems and equipment) in good order, condition and repair (including interior repainting and refinishing, as needed). If any portion of the Premises or any system or equipment in the Premises which Tenant is obligated to repair cannot be fully repaired or restored, Tenant shall promptly replace such portion of the Premises or system or equipment in the Premises, regardless of whether the benefit of such replacement extends beyond the Lease Term. Tenant shall maintain a preventive maintenance contract providing for the regular inspection and maintenance of the heating and air conditioning system by a licensed ventilation, heating and air conditioning contractor. If any part of the Premises or the Project is damaged by any act or omission of Tenant, Tenant shall pay Landlord the cost of repairing or replacing such damaged property, whether or not Landlord would otherwise be obligated to pay the cost of maintaining or repairing such property. It is the intention of Landlord and Tenant that at all times Tenant shall maintain the portions of the Premises which Tenant is obligated to maintain in an attractive, first-class and fully operative condition.

(b) Tenant shall fulfill all of Tenant's obligations under this Section 6.04 at Tenant's sole expense. If Tenant fails to maintain, repair or replace the Premises as required by this Section 6.04, Landlord may, upon ten (10) days' prior notice to Tenant (except that no notice shall be required in the case of an emergency), enter the Premises and perform such maintenance or repair (including replacement, as needed) on behalf of Tenant. In such case, Tenant shall reimburse Landlord for all costs incurred in performing such maintenance or repair immediately upon demand.

Section 6.05. Alterations, Additions, and Improvements.

(a) After the initial Tenant Improvements more fully described in Exhibit "B", Tenant shall not make any alterations, additions, or improvements to the Premises without Landlord's prior written consent, except for non-structural alterations which do not exceed Fifty Thousand Dollars ($50,000) in cost annually and which are not visible from the outside of any building of which the Premises is part. Landlord may require Tenant to provide demolition and/or lien and completion bonds in form and amount satisfactory to Landlord. Tenant shall promptly remove any alterations, additions, or improvements constructed in violation of this Paragraph 6.05(a) upon Landlord's written request. All alterations, additions, and improvements shall be done in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord. Upon completion of any such work, Tenant shall provide Landlord with "as built" plans, copies of all construction contracts, and proof of payment for all labor and materials.

(b) Tenant shall pay when due all claims for labor and material furnished to the Premises. Tenant shall give Landlord at least thirty (30) days' prior written notice of the commencement of any work on the Premises, regardless of whether Landlord's consent to such work is required. Landlord may elect to record and post notices of non-responsibility on the Premises.

Section 6.06. Condition upon Termination. Upon the termination of the Lease, Tenant shall surrender the Premises to Landlord, broom clean and in the same condition as received. In addition, Landlord may require Tenant to remove any alterations, additions or improvements (whether or not made with Landlord's consent) prior to the expiration of the Lease and to restore the Premises to its prior condition, all at Tenant's expense. All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the expiration or earlier termination of the Lease, except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Premises. Tenant shall repair, at Tenant's expense, any damage to the Premises caused by the removal of any such machinery or equipment. In no event, however, shall Tenant remove any of the following materials or equipment (which shall be deemed Landlord's property) without Landlord's prior written consent: any power wiring or power panels; lighting or lighting fixtures; wall coverings; drapes, blinds or other window coverings; carpets or other floor coverings; heaters, air conditioners or any other heating or air conditioning equipment fencing or security gates; or other similar building operating equipment and decorations.

ARTICLE SEVEN: DAMAGE OR DESTRUCTION

Section 7.01. Partial Damage to Premises.

(a) Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Premises. If the Premises is only partially damaged (i.e., less than fifty percent (50%) of the Premises is untenantable as a result of such damage or less than fifty percent (50%) of Tenant's operations are materially impaired) and if the proceeds received by Landlord from the insurance policies described in Paragraph 4.04(b) are sufficient to pay for the necessary repairs, this Lease shall remain in effect and Landlord shall repair the damage as soon as reasonably possible. Landlord may elect (but is not required) to repair any damage to Tenant's fixtures, equipment, or improvements.

(b) If the insurance proceeds received by Landlord are not sufficient to pay the entire cost of repair, or if the cause of the damage is not covered by the insurance policies which Landlord maintains under Paragraph 4.04(b), Landlord may elect either to (i) repair the damage as soon as reasonably possible, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease as of the date the damage occurred. Landlord shall notify Tenant within thirty (30) days after receipt of notice of the occurrence of the damage whether Landlord elects to repair the damage or terminate the. Lease. If Landlord elects to repair the damage, Tenant shall pay Landlord the "deductible amount" (if any) under Landlord's insurance policies and, if the damage was due to an act or omission of Tenant, or Tenant's employees, agents, contractors or invitees, the difference between the actual cost of repair and any insurance proceeds received by Landlord. If Landlord elects to terminate the Lease, Tenant may elect to continue this Lease in full force and effect in which case Tenant shall repair any damage to the Premises and any building in which the Premises is, located. Tenant shall pay the cost of such repairs, except that upon satisfactory completion of such repairs, Landlord shall deliver to Tenant any insurance proceeds received by Landlord for the damage repaired by Tenant. Tenant shall give Landlord written notice of such election within ten (10) days after receiving Landlord's termination notice.

(c) If the damage to the Premises occurs during the last six (6) months of the Lease Term and such damage will require more than thirty (30) days to repair, either Landlord or Tenant may elect to terminate this Lease as of the date the damage occurred, regardless of the sufficiency of any insurance proceeds. The party electing to terminate this Lease shall give written notification to the other party of such election within thirty (30) days after Tenant's notice to Landlord of the occurrence of the damage.

Section 7.02. Substantial or Total Destruction. If the Premises is substantially or totally destroyed by any cause whatsoever (i.e., the damage to the Premises is greater than partial damage as described in Section 7.01), and regardless of whether Landlord receives any insurance proceeds, this Lease shall terminate as of the date the destruction occurred. Notwithstanding the preceding sentence, if the Premises can be rebuilt within six (6) months after the date of destruction, Landlord may elect to rebuild the Premises at Landlord's own expense, in which case this Lease shall remain in full force and effect. Landlord shall notify Tenant of such election within thirty (30) days after Tenant's notice of the occurrence of total or substantial destruction. If Landlord so elects, Landlord shall rebuild the Premises at Landlord's sole expense, except that if the destruction was caused by an act or omission of Tenant, Tenant shall pay Landlord the difference between the actual cost of rebuilding and any insurance proceeds received by Landlord.

Section 7.03. Temporary Reduction of Rent. If the Premises is destroyed or damaged and Landlord or Tenant repairs or restores the Premises pursuant to the provisions of this Article Seven, any Rent payable during the period of such damage, repair and/or restoration shall be reduced according to the degree, if any, to which Tenant's use of the Premises is impaired. However, the reduction shall not exceed the sum of one year's payment of Base Rent, insurance premiums and real property taxes. Except for such possible reduction in Base Rent, insurance premiums and real property taxes, Tenant shall not be entitled to any compensation, reduction, or reimbursement from Landlord as a result of any damage, destruction, repair, or restoration of or to the Premises.

Section 7.04. Waiver. Tenant waives the protection of any statute, code or judicial decision which grants a tenant the right to terminate a lease in the event of the substantial or total destruction of the leased property. Tenant agrees that the provisions of Section 7.02 above shall govern the rights and obligations of Landlord and Tenant in the event of any substantial or total destruction of the Premises.

ARTICLE EIGHT: CONDEMNATION

If all or any portion of the Premises is taken under the power of eminent domain or sold under the threat of that power (all of which are called "Condemnation"), this Lease shall terminate as to the part taken or sold on the date the condemning authority takes title or possession, whichever occurs first If more than twenty percent (20%) of the floor area of the building in which the Premises is located, or which is located on the Premises, is taken, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes title or possession, by delivering written notice to the other within ten (10) days after receipt of written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority takes title or possession). If neither Landlord nor Tenant terminates this Lease, this Lease shall remain in effect as to the portion of the Premises not taken, except that the Base Rent and Additional Rent shall be reduced in proportion to the reduction in the floor area of the Premises. Any Condemnation award or payment shall be distributed in the following order: (a) first, to any ground lessor, mortgagee or beneficiary under a deed of trust encumbering the Premises, the amount of its interest in the Premises; (b) second, to Tenant, only the amount of any award specifically designated for loss of or damage to Tenant's trade fixtures or removable personal property; and (c) third, to Landlord, the remainder of such award, whether as compensation for reduction in the value of the leasehold, the taking of the fee, or otherwise. If this Lease is not terminated, Landlord shall repair any damage to the Premises caused by the Condemnation, except that Landlord shall not be obligated to repair any damage for which Tenant has been reimbursed by the condemning authority. If the severance damages received by Landlord are not sufficient to pay for such repair, Landlord shall have the right to either terminate this Lease or make such repair at Landlord's expense.

ARTICLE NINE: ASSIGNMENT AND SUBLETTING

Section 9.01. Landlord's Consent Required. No portion of the Premises or of Tenant's interest in this Lease may be acquired by any other person or entity, whether by sale, assignment, mortgage, sublease, transfer, operation of law, or act of Tenant, without Landlord's prior written consent, except as provided in Section 9.02 below. Landlord has the right to grant or withhold its consent as provided in Section 9.05 below. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Lease. If Tenant is an entity, any cumulative transfer of more than twenty-five percent (25%) of the entity (whether stock, membership interests, partnership interests, or otherwise) interests shall require Landlord's written consent If Tenant is a corporation, any change in the ownership of a twenty-five percent (25%) or more interest of the voting stock of the corporation shall require Landlord's consent. Notwithstanding the two immediately preceding sentences, Landlord acknowledges that Tenant is currently anticipating transitioning into a publicly-traded entity whose shares are freely traded on one or more public markets. The restrictions on transfer of ownership of more then twenty-five percent (25%) of the stock/voting stock of the Tenant shall not require Landlord's consent in the event that: (i) Tenant's stock is listed on a domestic or reputable foreign public exchange within three (3) years of the Date of Lease; and (ii) the Tenant entity has a minimum net worth of Fifty Million Dollars ($50,000,000.00) at the time of such transfer.

Section 9.02. Tenant Affiliate/Ancillary Uses. Tenant may assign this Lease once during the initial Lease Term, without Landlord's consent, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from the merger of or consolidation with Tenant ("Tenant's Affiliate"). In such case, any Tenant's Affiliate shall assume in writing all of Tenant's obligations under this Lease, and there shall be no release of the Tenant (or any Guarantor) upon such assignment Notwithstanding anything contained herein to the contrary, Tenant shall be entitled to sublease any portion of the Premises to a user for a use which is complementary or ancillary to the Permitted Uses upon obtaining Landlord's consent, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing Tenant shall at all times be and remain primarily responsible for performance of the obligations under this Lease.

Section 9.03. No Release of Tenant. No transfer permitted by this Article Nine, whether with or without Landlord's consent, shall release Tenant or change Tenant's primary liability to pay the Rent and to perform all other obligations of Tenant under this Lease. Landlord's acceptance of Rent from any other person is not a waiver of any provision of this Article Nine. Consent to one transfer is not a consent to any subsequent transfer. If Tenant's transferee defaults under this Lease, Landlord may proceed directly against Tenant without pursuing remedies against the transferee. Landlord may consent to subsequent assignments or modifications of this Lease by Tenant's transferee, without notifying Tenant or obtaining its consent. Such action shall not relieve Tenant's liability under this Lease.

Section 9.04. Offer to Terminate. If Tenant desires to assign the Lease or sublease the Premises, Tenant shall have the right, but not the obligation, to offer, in writing, to terminate the Lease as of a date specified in the offer. If Landlord elects in writing to accept the offer to terminate within twenty (20) days after notice of the offer, the Lease shall terminate as of the date specified and all the terms and provisions of the Lease governing termination shall apply. If Landlord does not so elect, the Lease shall continue in effect until otherwise terminated and the provisions of Section 9.05 with respect to any proposed transfer shall continue to apply.

Section 9.05. Landlord's Consent.

(a) Tenant's request for consent to any transfer described in Section 9.01 shall set forth in writing the details of the proposed transfer, including the name, business and financial condition of the prospective transferee, financial details of the proposed transfer (e.g., the term of and the Rent and security deposit payable under any proposed assignment or sublease), and any other information Landlord deems relevant. Landlord shall have the right to withhold consent, if reasonable, or to grant consent, based on the following factors: (i) the business of the proposed assignee or subtenant and the proposed use of the Premises; (ii) the net worth and financial reputation of the proposed assignee or subtenant; (iii) Tenant's compliance with all of its obligations under the Lease; and (iv) such other factors as Landlord may reasonably deem relevant.

(b) If Tenant assigns or subleases, the following shall apply:

(i) Tenant shall pay to Landlord as Additional Rent under the Lease the Landlord's Share (stated in Section 1.13) of the Profit (defined below) on such transaction as and when received by Tenant, unless Landlord gives written notice to Tenant and the assignee or subtenant that Landlord's Share shall be paid by the assignee or subtenant to Landlord directly. The "Profit" means (A) all amounts paid to Tenant for such assignment or sublease, including "key" money, monthly rent in excess of the monthly rent payable under the Lease, and all fees and other consideration paid for the assignment or sublease, including fees under any collateral agreements, less (B) costs and expenses directly incurred by Tenant in connection with the execution and performance of such assignment or sublease for real estate broker's commissions and costs of renovation or construction of tenant improvements required under such assignment or sublease. Tenant is entitled to recover such costs and expenses before Tenant is obligated to pay the Landlord's Share to Landlord. The Profit in the case of a sublease of less than all the Premises is the rent allocable to the subleased space as a percentage on a square footage basis.

(ii) Tenant shall provide Landlord a written statement certifying all amounts to be paid from any assignment or sublease of the Premises within thirty (30) days after the transaction documentation is signed, and Landlord may inspect Tenant's books and records to verify the accuracy of such statement. On written request, Tenant shall promptly furnish to Landlord copies of all the transaction documentation, all of which shall be certified

by Tenant to be complete, true and correct. Landlord's receipt of Landlord's Share shall not be a consent to any further assignment or subletting. The breach of Tenant's obligation wider this Paragraph 9.05(b) shall be a material default of the Lease.

Section 9.06. No Merger. No merger shall result from Tenant's sublease of the Premises under this Article Nine, Tenant's surrender of this Lease or the termination of this Lease in any other manner. In any such event, Landlord may terminate any or all sub-tenancies or succeed to the interest of Tenant as sub-Landlord under any or all sub-tenancies.

ARTICLE TEN: DEFAULTS: REMEDIES

Section 10.01. Covenants and Conditions. Tenant's performance of each of Tenant's obligations under this Lease is a condition as well as a covenant. Tenant's right to continue in possession of the Premises is conditioned upon such performance. Time is of the essence in the performance of all covenants and conditions.

Section 10.02. Defaults. Tenant shall be in material default under this Lease:

(a) If Tenant abandons the Premises or if Tenant's vacation of the Premises lasts longer than fifteen (15) days or results in the cancellation of any insurance described in Section 4.04;

(b) If Tenant fails to pay Rent or any other charge when due;

(c) If Tenant fails to perform any of Tenant's non-monetary obligations under this Lease for a period of ten (10) days after written notice from Landlord; provided that if more than thirty (30) days are required to complete such performance, Tenant shall not be in default if Tenant commences such performance within the thirty (30)-day period and thereafter diligently pursues its completion. However, Landlord shall not be required to give such notice if Tenant's failure to perform constitutes a non-curable breach of this Lease. The notice required by this Paragraph is intended to satisfy any and all notice requirements imposed by law on Landlord and is not in addition to any such requirement

(d) (i) If Tenant makes a general assignment or general arrangement for the benefit of creditors; (ii) if a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed by or against Tenant and is not dismissed within thirty (30) days; (iii) if a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at *the* Premises or of Tenant's interest in this Lease and possession is not restored to Tenant within thirty (30) days; or (iv) if substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease is subjected to attachment, execution or other judicial seizure which is not discharged within thirty (30) days. If a court of competent jurisdiction determines that any of the acts described in this subparagraph (d) is not a default under this Lease, and a trustee is appointed to take possession (or if Tenant remains a debtor in possession) and such trustee or Tenant transfers Tenant's interest hereunder, then Landlord shall receive, as Additional Rent, the excess, if any, of the Rent (or any other consideration) paid in connection with such assignment or sublease over the Rent payable by Tenant under this Lease.

(e) If Tenant attempts to revoke or otherwise terminate, or purports to revoke or otherwise terminate, the Lease Guaranty Deposit or the Security Device.

Section 10.03. Remedies. On the occurrence of any material default by Tenant, Landlord may, at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have:

(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including (i) the worth at the time of the award of the unpaid Base Rent, Additional Rent and other charges which Landlord had earned at the time of the termination; (ii) the worth at the time of the award of the amount by which the unpaid Base Rent, Additional Rent and other charges which Landlord would have earned after termination until the time of the award exceeds the amount of such rental loss that Tenant proves Landlord could have reasonably avoided; (iii) the worth at the time of the award of the amount by which the unpaid Base Rent, Additional Rent and other charges which Tenant would have paid for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves Landlord could have reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses Landlord incurs in maintaining or preserving the Premises after such default, the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation or alteration of the Premises, Landlord's reasonable attorneys' fees incurred in connection therewith, and any real estate commission paid or payable. As used in subparts (i) and (ii) above, the "worth at the time of the award" is computed by allowing interest on unpaid amounts at the rate of fifteen percent (15%) per annum, or such lesser amount as may then be the maximum lawful rate. As used in subpart (iii) above, the "worth at the time of the award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%). If Tenant has abandoned the Premises, Landlord shall have the option of (i) retaking possession of the Premises and Recovering from Tenant the amount specified in this Paragraph 10.03(a), or (ii) proceeding under Paragraph 10.03(b);

(b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant has abandoned the Premises. in such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the Rent as it becomes due;

(c) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state in which the Premises is located.

Section 10.04. Repayment of "Free" Rent. If this Lease provides for a postponement of any monthly rental payments, a period of "free" Rent or other Rent concession, such postponed Rent or "free" Rent is called the "Abated Rent". Tenant shall be credited with having paid all of the Abated Rent on the expiration of the Lease Term only if Tenant has fully, faithfully, and punctually performed all of Tenant's obligations hereunder, including the payment of all Rent (other than the Abated Rent) and all other monetary obligations and the surrender of the Premises in the physical condition required by this Lease. Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under this Lease. If Tenant defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such rent abatement or other rent concession. In such case Abated Rent shall be calculated based on the full initial Rent payable under this Lease.

Section 10.05. Optional Termination. Notwithstanding any other term or provision hereof to the contrary, the Lease shall, at Landlord's option, terminate on the occurrence of any act which affirms the Landlord's intention to terminate the Lease as provided in Section 10.03 hereof; including the filing of an unlawful detainer action against Tenant. On such termination, Landlord's damages for default shall include all costs and fees, including reasonable attorneys' fees that Landlord incurs in connection with the filing, commencement, pursuing and/or defending of any action in any bankruptcy court or other court with respect to the Lease; the obtaining of relief from any stay in bankruptcy restraining any action to evict Tenant; or the pursuing of any action with respect to Landlord's right to possession of the Premises. All such damages suffered (apart from Base Rent and other rent payable hereunder) shall constitute damages which must be reimbursed to Landlord prior to assumption of the Lease by Tenant or any successor to Tenant in any bankruptcy or other proceeding.

Section 10.06. Cumulative Remedies. Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy.

ARTICLE ELEVEN: PROTECTION OF LENDERS

Section 11.01. Subordination. Landlord shall have the right to subordinate this Lease to any ground lease, deed of trust or mortgage encumbering the Premises, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Tenant shall cooperate with Landlord and any *lender* which is acquiring a security interest in the Premises or the Lease. Tenant shall execute such further documents and assurances as such lender may require, provided that Tenant's obligations under this Lease shall not be increased in any material way (the performance of ministerial acts shall not be deemed material), and Tenant shall not be deprived of its rights under this Lease. Tenant's right to quiet possession of the Premises during the Lease Term shall not be disturbed if Tenant pays the Rent and performs all of Tenant's obligations under this Lease and is not otherwise in default. If any ground lessor, beneficiary or mortgagee elects to have this Lease prior to the lien of its ground lease, deed of trust or mortgage and gives written notice thereof to Tenant, this Lease shall be deemed prior to such ground lease, deed of trust or mortgage whether this Lease is dated prior or subsequent to the date of said ground lease, deed of trust or mortgage or the date of recording thereof.

Section 11.02. Attornment. If Landlord's interest in the Premises is acquired by any ground lessor, beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Tenant shall attorn to the transferee of or successor to Landlord's interest in the Premises and recognize such transferee or successor as Landlord under this Lease. Tenant waives the protection of any statute or rule of law which gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Premises upon the transfer of Landlord's interest.

Section 11.03. Signing of Documents. Tenant shall sign and deliver any instrument or documents necessary or appropriate to evidence any such sacrament or subordination or agreement to do so. If Tenant fails to do so within ten (10) days after written request, Tenant hereby makes, constitutes and irrevocably appoints Landlord, or any transferee or successor of Landlord, the attorney-in-fact of Tenant to execute and deliver any such instrument or document.

Section 11.04. Estoppel Certificates.

(a) Upon Landlord's written request, Tenant shall immediately execute, acknowledge and deliver to Landlord a written statement certifying: (i) that none of the terms or provisions of this Lease have been changed (or if they have been changed, stating how they have been changed); (ii) that *this* Lease has not been canceled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; (iv) that Landlord is not in default under this Lease (or, if Landlord is claimed to be in default, stating why); and (v) such other representations or information with respect to Tenant or the Lease as Landlord may reasonably request or which any prospective purchaser or encumbrancer of the Premises may require. Tenant shall deliver such statement to Landlord within five (5) days after Landlord's request. Landlord may give any such statement by Tenant to any prospective purchaser or encumbrancer of the Premises. Such purchaser or encumbrancer may rely conclusively upon such statement as true and correct.

(b) If Tenant does not deliver such statement to Landlord within such five (5) day period, Landlord, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been canceled or terminated except as otherwise represented by Landlord; (iii) that not more than one month's Base Rent or other charges have been paid in advance; and (iv) that Landlord is not in default under the Lease. In such event, Tenant shall be estopped from denying the truth of such facts.

(c) Upon the request of Tenant, Landlord shall deliver an estoppel certificate of the same type, and in the same manner as applicable to Tenant pursuant to Sections 11.04(a) and (b).

Section 11.05. Tenant's Financial Condition. No more than once per calendar year, and within ten (10) days after written request from Landlord, Tenant shall deliver to Landlord such financial statements as Landlord reasonably requires to verify the net worth of Tenant or any assignee, subtenant, or guarantor of Tenant. In addition, and no more than once per calendar year, Tenant shall deliver to any lender designated by Landlord any financial statements required by such lender to facilitate the financing or refinancing of the Premises. Tenant represents and warrants to Landlord that each such financial statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth in this Lease. Tenant's obligation to deliver the foregoing financial information shall be conditioned on receiving a commercially reasonably nondisclosure agreement from Landlord and any party which will be given access to such financial information.

ARTICLE TWELVE: LEGAL COSTS

Section 12.01. Legal Proceedings. If Tenant or Landlord shall be in breach or default under this Lease, such party (the "Defaulting Party") shall reimburse the other party (the "Nondefaulting Party") upon demand for any costs or expenses that the Nondefaulting Party incurs in connection with any breach or default of the Defaulting Party under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include reasonable legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Furthermore, if any action for breach of or to enforce the provisions of this Lease is commenced, the court in such action shall award to the party in whose favor a judgment is entered, a reasonable sum as attorneys' fees and costs. The losing party in such action shall pay such attorneys' fees and costs. Tenant shall also indemnify Landlord against and hold Landlord harmless from all costs, expenses, demands and liability Landlord may incur if Landlord becomes or is made a party to any claim or action (a) instituted by Tenant against any third party, or by any third party against Tenant, or by or against any person holding any interest under or using the Premises by license of or agreement with Tenant; (b) for foreclosure of any lien for labor or material furnished to or for Tenant or such other person; (c) otherwise arising out of or resulting from any act or transaction of Tenant or such other person; or (d) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. Tenant shall defend Landlord against any such claim or action at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs Landlord incurs in any such claim or action.

Section 12.02. Landlord's Consent. Tenant shall pay Landlord's reasonable attorneys' fees incurred in connection with Tenant's request for Landlord's consent wider Article Nine (Assignment and Subletting), or in connection with any other act which Tenant proposes to do and which requires Landlord's consent.

ARTICLE THIRTEEN: MISCELLANEOUS PROVISIONS

Section 13.01. Landlord's liability; Certain Duties.

(a) As used in this Lease, the term "Landlord" means only the current owner or owners of the fee title to the Premises or Project or the leasehold estate under a ground lease of the Premises or Project at the time in question. Each Landlord is obligated to perform the obligations of Landlord under this Lease only during the time such Landlord owns such interest or title. Any Landlord who transfers its title or interest is relieved of all liability with respect to the obligations of Landlord under this Lease to be performed on or after the date of transfer. However, each Landlord shall deliver to its transferee all funds that Tenant previously paid if such funds have not yet been applied under the terms of this Lease.

(b) Tenant shall give written notice of any failure by Landlord to perform any of its obligations under this Lease to Landlord and to any ground lessor, mortgagee or beneficiary under any deed of trust encumbering the Premises whose name and address have been furnished to Tenant in writing. Landlord shall not be in default under this Lease unless Landlord (or such ground lessor, mortgagee or beneficiary) fails to cure such nonperformance within thirty (30) days after receipt of Tenant's notice. However, if such non-performance reasonably requires more than thirty (30) days to cure, Landlord shall not be in default if such cure is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

(c) Notwithstanding any term or provision herein to the contrary, the liability of Landlord for the performance of its duties and obligations under this Lease is limited to Landlord's interest in the Premises and the Project, and neither the Landlord nor its partners, shareholders, officers or other principals shall have any personal liability under this Lease.

Section 13.02. Severability. A determination by a court of competent jurisdiction that any provision of this Lease or any part thereof is illegal or unenforceable shall not cancel or invalidate the remainder of such provision or this Lease, which shall remain in full force and effect.

Section 13.03. Interpretation. The captions of the Articles or Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents' employees, contractors, invitees, successors or others using the Premises with Tenant's expressed or implied permission.

Section 13.04. Incorporation of Prior Agreements; Modifications. This Lease is the only agreement between the parties pertaining to the lease of the Premises and no other agreements are effective. All amendments to this Lease shall be in writing and signed by all parties. Any other attempted amendment shall be void.

Section 13,05. Notices. All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address specified in Section 1.03 above. Notices to Landlord shall be delivered to the address specified in Section 1.02 above. An notices shall be effective upon delivery. Either party may change its notice address upon written notice to the other party.

Section 13.06. Waivers. All waivers must be in writing and signed by the waiving party. Landlords failure to enforce any provision of this Lease or its acceptance of rent shall not be a waiver and shall not prevent Landlord from enforcing that provision or any other provision of this Lease in the future. No statement on a payment check from Tenant or in a letter accompanying a payment check shall be binding on Landlord. Landlord may, with or without notice to Tenant, negotiate such check without being bound to the conditions of such statement.

Section 13.07. No Recordation. Tenant shall not record this Lease without prior written consent from Landlord. However, either Landlord or Tenant may require that a "Short Form" memorandum of this Lease executed by both parties be recorded. The party requiring such recording shall pay all transfer taxes and recording fees.

Section 13.08. Binding Effect; Choice of Law. This Lease binds any party who legally acquires any rights or interest in this Lease from Landlord or Tenant However, Landlord shall have no obligation to Tenant's successor unless the rights of interests of Tenant's successor are acquired in accordance with the terms of this Lease. The laws of the State of Nevada shall govern this Lease.

Section 13.09. Corporate Authority; Partnership Authority. If Tenant is a corporation, each person signing this Lease on behalf of Tenant represents and warrants that he has full authority to do so and that this Lease binds the corporation. Within ten (10) days after this Lease is signed, Tenant shall deliver to Landlord a certified copy of a resolution of Tenant's Board of Directors authorizing the execution of this Lease or other evidence of such authority reasonably acceptable to Landlord. If Tenant is a partnership, each person or entity signing this Lease for Tenant represents and warrants that he or it is a general partner of the partnership, that he or it has full authority to sign for the partnership and that this Lease binds the partnership and all general partners of the partnership. Tenant shall give written notice to Landlord of any general partner's withdrawal or addition. Within ten (10) days after this Lease is signed, Tenant shall deliver to Landlord a copy of Tenant's recorded statement of partnership or certificate of limited partnership.

Section 13.10. Joint and Several Liability. All parties signing this Lease as Tenant shall be jointly and severally liable for all obligations of Tenant.

Section 13.11. Reserved.

Section 13.12. Execution of Lease. This Lease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument Landlord's delivery of this Lease to Tenant shall not be deemed to be an offer to lease and shall not be binding upon either party until executed and delivered by both parties.

Section 13.13. Survival. All representations and warranties of Landlord and Tenant shall survive the termination of this Lease.

Section 13.14. Agency Disclosure; No Other Brokers. Landlord and Tenant each warrant that they have dealt with no other real estate broker(s) in connection with this transaction except: Jones Lang LaSalle, whom represents the Landlord in this transaction.

In the event that Jones Lang LaSalle represents both Landlord and Tenant, Landlord and Tenant hereby confirm that they were timely advised of the dual representation and that they consent to the same, and that they do not expect said broker to disclose to either of them the confidential information of the other party.

Section 13.15. Confidentiality. Tenant acknowledges that the terms and conditions contained herein and the details of this Lease will remain confidential between the parties and any proposals, lease drafts, leases or summaries of any kind will be distributed, copies or otherwise transmitted, orally or in writing to any other person of entity.

Section 13.16. Special Provisions; Tenant's Use.

(a) Tenant represents and warrants that their use of the Premises will be in compliance with all applicable local and state law. Additionally, Tenant is of the opinion that even though their use is in conflict with Federal law, Tenant believes that Federal policy is such that the Federal government, or any agency thereof will not prosecute Landlord for Tenant's use of the Premises.

(b) Tenant and the principals of Tenant shall indemnify, defendant, and hold harmless Landlord (including its affiliates or employees), from loss and/or action taken by a governmental entity, or agency of competent jurisdiction, as a direct result of Tenant's use of the Premises.

Notwithstanding the above, Landlord may consider accepting an insurance policy or bond that will adequately cover Landlord's risk exposure with respect to Tenant's use.

(c) In the event of any action taken against Landlord (including its affifliates or employees) by a governmental entity, or agency of competent authority in which Landlord (including its principals, affiliates, or employees) is at risk of civil or criminal action as a result of Tenant's occupancy and/or use of the Premises, then Landlord may require an immediate termination of the use in question at the Premises. Without limiting the generality of the foregoing, a cease and desist letter (or similar directive) directed to Landlord from a governmental authority of appropriate jurisdiction shall be included in the definition of an "action".

Section 13.17. Access to Building Three. Building Three, positioned at the north-east corner of the Property, is currently unoccupied and inhabitable. This building is also land-lock by the yard and parking area of the Premises. Should Landlord wish to improve Building Three and re-tenant same, then Tenant shall permit reasonable access through their yard and/or parking area for 24/7 access to Building Three, subject to compliance with applicable laws and regulations applicable to Tenant's Permitted Use.

Section 13.18. Lease Guaranty Deed of Trust - Replacement. In lieu of a personal guaranty, the Performance Deed of Trust attached herewith as Exhibit "D" shall be recorded against the property described therein, commonly known as [REDACTED] (collectively the "Pledged Property"). The Lease Guaranty Deed of Trust shall serve as collateral for the obligations of Tenant to secure the performance of Tenant's obligations as set forth in Section 6.06 of the Lease relating to the condition of the Premises upon expiration or earlier termination. [REDACTED.] At any time during the terms of this Lease or any renewal thereof, Tenant may satisfy the obligations of the Lease Guaranty Deed of Trust and cause it to be reconveyed by Landlord by posting a security bond in favor of Landlord in the amount of Six Hundred Thousand Dollars ($600,000.00) in a form acceptable to Landlord in its commercially reasonable discretion, or by posting an additional cash security deposit in the amount of Two Hundred Fifty Thousand Dollars ($250,000.00).

***** SIGNATURES ON NEXT PAGE *****

Landlord and Tenant have executed this Lease at the place and on the dates specified adjacent to their signatures below and have initialed all Exhibits which are attached to or incorporated by reference in this Lease.

"LANDLORD"	"TENANT"
[REDACTED]	MM DEVELOPMENT COMPANY, INC., A NEVADA CORPORATION By: /s/ Robert A. Groesbeck Robert A. Groesbeck, President PLANET 13 HOLDINGS, INC., A CANADIAN CORPORATION By: /s/ Robert A. Groesbeck Robert A. Groescbeck, Co-CEO By: /s/ Larry Scheffler Larry Scheffler, Co-CEO

Exhibit “A”

EXHIBIT "A1"

SITE PLAN

(PROJECT AND PREMISES)

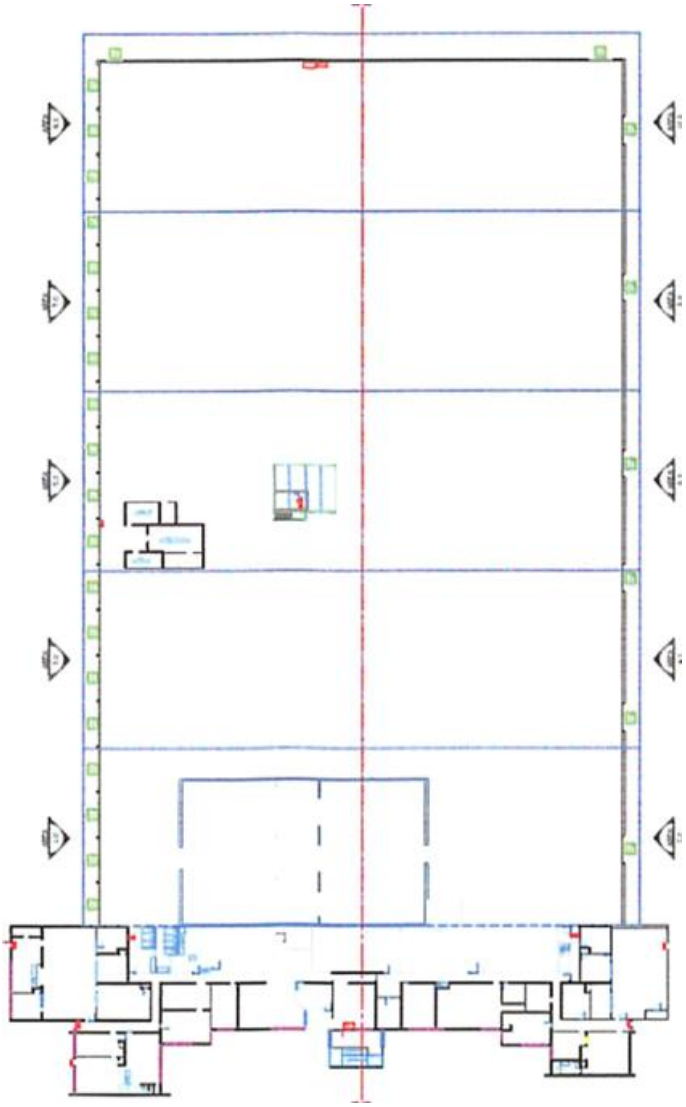


EXHIBIT "A.2"

YARD & PARKING AREA

EXHIBIT "B"

CONDITION OF PREMISES; TENANT IMPROVEMENT

Notwithstanding anything contained within the Lease to the contrary, Tenant shall accept the Premises in an "AS IS", "WHERE IS" condition.

Tenant shall cause the following improvements to be made to the Premises at Tenant's sole cost and expense:

1.Tenant, at Tenant's sole cost and expense, shall build out a minimum of One Million Dollars ($1,000,000) of Tenant Improvements to the Premises within the firth twelve (12) months of the Lease Term. The improvements include but are not limited to the following:

Tenant, at Tenant's sole cost and expense, shall build out a minimum of One Million Dollars ($1,000,000) of Tenant Improvements to the Premises within the first twelve (12) months of the Lease Term. The improvements include, but are not limited to the following: renovation of approximately 9,000 square feet of existing office space, and development of approximately 16,200 square feet of dispensary floor space, including operational support facilities, in addition to exterior elevation improvements. Total cost of these initial improvements are estimated at between $5,000,000-$6,000,000 (Tenant's Work).

Any and all other Tenant's Work and other improvements and expenses associated with the Premises shall be paid for by Tenant."

("Tenant's Work"). [Tenant's Work shall include the construction of demising gates and fences to separate the Premises from remainder of the Project].

Any and all other improvements and expenses associated with the Premises shall be paid for by the Tenant.

Exhibit "1"

Refer to Exhibit "A.1", the Site Plan.

EXHIBIT "C"

RULES AND REGULATIONS

(ATTACHED TO AND MADE A PART OF THIS LEASE)

Dated: February 01, 2018

By and Between: The Gabriel Gomes Saia, Jr. Revocable Living Trust ("Landlord') and MM Development Company, LLC ("Tenant").

General rules

1. Tenant shall not suffer or permit the obstruction of any Common Areas, including driveways and walkways.

2. Landlord reserves the right to refuse access to any persons which Landlord, in good faith, judges to be a threat to the safety, reputation, or property of the Project and its occupants.

3. When reasonably appropriate and when not in direct conflict with Tenant's Permitted Use, Tenant shall perform all daily work activities with the roll-up door(s) closed to abate any excessive noise pollution.

4. Tenant shall not make or permit any noise or odors that unreasonably annoy or interfere with other Tenants or persons having business within the Project.

5. Tenant shall not keep animals or birds within the Project and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.

6. Storage of items in the yard of the Premises shall be permitted so long as such storage is kept in an orderly fashion and free of debris. Storage of inoperable vehicles, inoperable equipment, and fallow materials shall not be permitted.

7. Tenant shall not make, suffer or permit litter except in appropriate receptacles for that purpose.

8. Tenant shall have signage rights upon Landlord's approval, which shall not be unreasonably withheld. Tenant shall be responsible for all costs related to Tenant Signage.

9. Landlord will furnish Tenant, free of charge, with a key to each door in the Premises of which Landlord has hi its possession of same. Landlord may charge a reasonable fee for any additional keys. Tenant shall be responsible for changing any lock or installing new or additional locks or any bolts on any door of the Premises.

10. Tenant shall not deface the walls, partitions or other surfaces of the Premises or Project.

11. Tenant shall not employ any service or contractor for services or work to be performed in the Building, except as reasonably approved in advance by Landlord.

12. Tenant shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.

13. Tenant shalt not use or keep in the Premises or the Building any unapproved kerosene, gasoline, or flammable or combustible fluid or material, or use any method of heating or air conditioning other than as are typically found in projects or operations of similar type and quality in the Las Vegas area, or those that have been previously approved in writing by Landlord and/or by applicable governmental authorities.

14. The Premises shall not be used for Commercial lodging.

15. Tenant shall comply with all safety, fire protection and evacuation regulations established by Landlord or any applicable governmental agency.

16. The washroom partitions, minors, wash basins and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed, and no sweeping, rubbish, rags or other substances shall be thrown therein. All damage resulting from any *misuse* of the fixtures shall be borne by the Tenant who, or whose servants, employees, agents, visitors, or licensees, shall have caused the same.

17. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.

18. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

19. Tenant assumes all risk from theft or vandalism and agrees to keep its Premises locked as may be required.

20. Tenant shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration in any part of the Project

21. Tenant shall be responsible for any damage to the Project and/or Premises arising from such activity as moving of furniture, freight and equipment

22. Reserved.

23. Tenant shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Landlord or by applicable governmental agencies as non-smoking areas.

24. Reserved.

25. Reserved.

26. Landlord reserves the right to waive anyone of these rules and regulations and/or to any particular Tenant, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Tenant

27. Landlord reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Project and its occupants. Tenant agrees to abide by these and such reasonable rules and regulations.

28. Tenant will be required to furnish their own trash dumpster at Tenant's expense. Trash dumpsters maintained by Tenant shall be stored within the yard of Tenant's Premises at all times except on pick-up days. Should Landlord provide trash dumpsters as part of the Common Area Maintenance, such dumpsters are to be used for common area refuse only. No Equipment, production materials, or any other discards are to be placed in the common area dumpsters or dumpster enclosures. Any cardboard boxes shall be cut up and/ or flattened and placed in the dumpster utilizing as little space as possible. The dumpster is full, waste will be stored in Tenant's lease space until the dumpster is emptied.

PARKING RULES

1. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.

2. The maintenance, of vehicles in the parking area or common area is prohibited. Tenant shall be permitted to wash their vehicles within the yard of their Premises, conditioned upon (a) no water runoff shall travel to the common areas or to any other area for the exclusive use of other tenants; and (b) Tenant shall be responsible for damage caused to the pavement as a result of their washing activities.

3. Tenant shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.

4. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles". Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles". No unauthorized parking of recreational vehicles, motor homes, boats and/ or trailers, is permitted within the Project

5. Tenant's service vehicles, if any, shall be parked within the yard of their Premises warehouse at night.

6. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Landlord will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.

7. Landlord reserves the right to modify these rules and/ or adopt such other reasonable and nondiscriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.

EXHIBIT "D"

Escrow No.

When Recorded please send to:

PERFORMANCE DEED OF TRUST

This Performance Deed of Trust ("Deed of Trust"), made this 24th day of April, 2018, between MM DEVELOPMENT COMPANY, INC., a Nevada corporation, herein called TRUSTOR herein, whose address is 2548 W. Desert Inn Road, Las Vegas, Nevada 89109; FIRST AMERICAN TILE I_ whose address is 2500 N. Buffalo #150 Las VNevada 89128, herein called TRUSTEE, [REDACTED] herein called BENEFICIARY.

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS TO TRUSTEE IN TRUST, WITH POWER OF SALE, that property in Nye County, Nevada, described as follows:

PARCEL 1:

TOWNSHIP 12 SOUTH, RANGE 47 EAST, M.D.B.&M., SECTION 30; GOVERNMENT LOT 2 OF THE NORTHWEST QUARTER (NW 1/4).

PARCEL 2:

THE SOUTHEAST QUARTER (SE 1/4) OF THE NORTHWEST QUARTER (NW 1/4) AND THAT PORTION SOUTH OF THE CENTER LINE OF BEAM AIRPORT ROAD, OF THE NORTHEAST QUARTER (NE 1/4) OF TIM NORTHWEST QUARTER (NW 1/4) OF SECTION 30, TOWNSHIP 12 SOUTH, RANGE 47 EAST, M.D.B.&M., AS MORE FULLY SET FORTH IN THAT CERTAIN MAP ATTACHED AS EXHIBIT "AS" TO THAT OFFER OF DEDICATION OF STREET/ROAD RIGHT-OF-WAY RECORDED ON SEPTEMBER 28, 2007, AS FILE NO. 694944 OF NYE COUNTY, NEVADA.

Assessor's Parcel Nos. 018-37-16 and 018-37-17

This Deed of Trust is given for the purpose of securing full and timely performance of Trustor's obligations as set forth in that certain Industrial Real Estate Lease (Multi-Tenant Facility) dated April -1.kt 2018, and specifically Tenant's obligations set forth in Sections 6.06 and 13.18 thereof. A copy of said Lease is attached hereto as Exhibit "A" and incorporated herein by this reference. In the event of default as set forth in the Lease, and resulting foreclosure, Beneficiary shall be entitled to credit bid all amounts reasonably expended in connection with the referenced Sections of the Lease, including without limitation any attorney fees and costs incurred together with any foreclosure fees, costs or expenses incurred.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to 2548 W. Desert Inn Road, Las Vegas, Nevada 89109 hereinbefore set forth.

MM DEVELOPMENT COMPANY, INC

By: /s/ Robert A. Groesbeck

Its: President

INDUSTRIAL REAL ESTATE LEASE

(Multi- Tenant Facility)

ADDENDUM:

This addendum is made this 23rd day of April, 2018, and is added to and amends that certain agreement and between MM Development Company, Inc. as Tenant [REDACTED] Landlord, which agreement is dated 23rd day of April, 2018.

Recitals

WHEREAS, the lease requires the signatures of Robert Groesbeck and Larry Scheffler as co-CEOs of Planet 13 Holdings, Inc., which entity exists at this time under the name of Carpincho Capital Corp., a Canadian public company.

WHEREAS, MM Development Company, Inc. has engaged in a reverse take-over process with Carpincho Capital Corp., with the share exchange agreement anticipated to be signed on or around April 26, 2018, and public disclosures have been made regarding a subsequent name change of Carpincho Capital Corp. to Planet 13 Holdings, Inc., and that the Canadian public company will be a tenant at the facilities described herein.

WHEREAS, MM Development Company, Inc. is indirectly owned 47% by Robert Groesbeck, 47% by Larry Scheffler, and 6% by Chris Wren, all of whom have approved and committed to the reverse take-over transaction.

WHEREAS, pursuant to the reverse take-over transaction, Robert Groesbeck and Larry Scheffler will hold a majority of the shares of Carpincho Capital Corp., and have agreements to be appointed as the co-CEO's of Carpincho Capital Corp. for a term of 5 years, and further are designated as directors of the public company following the close of the transaction.

WHEREAS, immediately after the consummation of the reverse take-over, Carpincho Capital Corp. shall file a name change to Planet 13 Holdings, Inc.

NOW THEREFORE, Robert Groesbeck and Larry Scheffler, individually, do hereby covenant and agree as follows:

1. Upon appointment as co-CEOs of Planet 13 Holdings, Inc., they shall immediately execute this lease agreement as corporate officers of Planet 13 Holdings, Inc. and Planet 13 Holdings, Inc. shall have all obligations and rights arising under this lease upon such execution.

2. They shall notify all investors and make such disclosures as necessary to put all parties on notice, public or otherwise, that a requisite event of the reverse take-over described in the recitals to this lease addendum includes that Planet 13 Holdings, Inc. shall enter into the lease agreement as a tenant on or immediately after the close of the reverse take-over transaction.

By: /s/ Robert A. Groesbeck **Date: 4-23-18**
Robert A. Groesbeck, individually

By: /s/ Larry Scheffler **Date: 4-23-18**
Larry Scheffler, individually

INDUSTRIAL REAL ESTATE LEASE
(Multi- Tenant Facility)

ADDENDUM, page 2:

Addendum acknowledged and accepted by:

"LANDLORD"

[REDACTED]

Exhibit 10.2

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made this 30th day of August, 2014, by and between FARGO DISTRICT HOLDINGS, LLC, a Nevada limited liability company, (hereinafter called "Landlord"), and MM DEVELOPMENT COMPANY, LLC, a Nevada limited liability company, (hereinafter called "Tenant").

WITNESSETH:

SECTION 1.
PARTIES

1.1 Landlord. Landlord warrants that it owns the Premises and has full right and power to execute and deliver this Lease without the consent or agreement of any other person, and those persons executing this Lease on behalf of Landlord have the right and power to execute and deliver this Lease.

1.2 Tenant. Tenant warrants that Tenant has full right and power to execute and deliver this Lease without the consent or agreement of any other person, and that those persons who have executed and delivered this Lease have the authority and power to execute this lease on Tenant's behalf and deliver this Lease to Landlord.

SECTION 2.
PREMISES

2.1 Description. The Premises herein leased (hereinafter called the "Premises") are legally described in Exhibit "A" attached hereto and made a part hereof. The Premises also include the building(s) and improvements on the land area described in Exhibit "A". Landlord also grants to Tenant, its customers, guests, invitees employees, and licensees all easements, rights and privileges appurtenant thereto, including the right to use the parking areas, driveways, roads, alleys and means of ingress and egress. The Premises are located at 4280 Wagon Trail Avenue, Las Vegas, NV, also identified as APN: 177-06-501-008.

2.2 Quiet Enjoyment. Landlord agrees to warrant and defend Tenant in the quiet enjoyment and possession of the Premises during the term of this Lease so long as Tenant complies with the provisions hereof.

SECTION 3.
TERM: OPTION TO EXTEND

3.1 Lease Commencement Date. The term of this Lease shall commence on the date referenced above (the "Lease Commencement Date"), with rent payments to commence upon issuance of applicable certificates of occupancy issued by the local governing authority, and shall terminate on December 31, 2034, (the "Lease Termination Date"), which is the last day of the month preceding the twentieth (20th) anniversary day of the Lease Commencement Date unless extended by Tenant in accordance with any extension option contained in this Lease or any rider thereto or unless terminated in accordance with the provisions hereof.

3.2 Extension Terms. Tenant shall have the right to extend the term of this Lease for two (2) additional terms of five (5) years each (the "Extension Terms") in its sole discretion upon delivering written notice to the Landlord of its intent to exercise this option to extend not less than twelve (12) months before the expiration date of the initial term or of any previously exercised Extension Term of this Lease. If Tenant exercises any of the Extension Terms in the manner provided for in this paragraph, then the Lease shall terminate five (5) years after the Lease Termination Date or the end of the previously exercised Extension Term unless a subsequent Extension Term is exercised, and all provisions of this Lease shall be applicable to the Extension Terms.

3.3 Prorations. If any payments, rights or obligations hereunder (whether relating to payment of rent, taxes, insurance, other impositions, or to any other provision of this Lease) relate to a period in part before the Lease Commencement Date or in part after the date of expiration or termination of the term, appropriate adjustments and prorations shall be made.

3.4 Surrender at End of Term. Upon the last day of the Lease term or upon the earlier termination of this Lease pursuant to the provisions hereof and irrespective of when and how such termination occurs, Tenant shall surrender and deliver to Landlord the Premises and all buildings and improvements thereon other than Tenant's Property, without delay, broom clean and in good order, condition and repair, reasonable wear and tear and damage due to casualty excepted, whereupon Tenant shall have no further right, title or interest in and to said Premises. Any trade fixtures, business equipment, inventory, trademarked items, signs and other removable personal property located or installed in or on the Premises ("Tenant's Property") shall be removed by Tenant on or before the last day of the Lease term or upon the earlier termination of this Lease pursuant to the provisions hereof, and Tenant shall repair any damage occasioned by the removal of Tenant's Property.

SECTION 4.
RENT

4.1 Rent. Commencing on the date ("Rent Commencement Date") which is thirty (30) days from issuance of certificate of occupancy from the local governing authority, Tenant covenants and agrees to pay to Landlord in lawful money of the United States of America, during each Lease year, an annual rental of One Hundred Sixteen Thousand and No/100 ($116,000), (the "Rent"). The Rent shall be payable in equal monthly installments of Nine Thousand Six Hundred Sixty Six and 67/100 ($9,666.67) each, in advance on or before the first day of each and every calendar month of the term of this Lease. The Rent shall be paid in addition to and over and above all other payments to be made by Tenant herein. The first Lease year shall be a full year commencing on the Lease Commencement Date and each following Lease year shall be an annual period commencing on the anniversary date of the Lease Commencement Date. Appropriate proration shall be made if the Lease Commencement Date is not on the first day of a calendar month, or if the date of termination of the Lease is not on the last day of a calendar month.

4.2 Rental Adjustments. The Rent shall be adjusted on the first day of the thirteenth (13th) month following the calendar month in which the Rent Commencement Date occurs (the "Anniversary Dale") and on the first day of each and every Anniversary Date thereafter for the term of the Lease, plus any option periods, in accordance with the Consumer Price Index for All Urban Consumers (the "CPI-U") as published by the Bureau of Labor Statistics, Washington, D.C. On the First Anniversary Date thereafter, the Rent shall be adjusted to equal the Current Rent then payable, plus the increased amount in accordance with the CPI-U adjustment for the preceding year. In no case, however, shall the Rent be decreased by any decrease in the CPI-U. Following each Anniversary Date, the adjusted Rent shall be due and payable for each and every month of the adjustment period commencing with the respective Anniversary Date.

4.3 Taxes.

(a) Tenant shall be responsible for the payment of all real property taxes and assessments ("Real Estate Taxes") levied against the Premises by any governmental or quasi- governmental authority, which are due and payable during the Term hereof, except as set forth herein. Real Estate Taxes shall include any taxes, assessments, surcharges, or service or other fees of a nature not presently in effect which shall hereinafter be levied on the Premises as a result of the use, ownership, or operation of the Premises or for any other reason, whether in lieu of or in addition to any current real estate taxes and assessments. Any special assessments will be amortized over the maximum period allowed by law or applicable tax rules, whichever is longer, and Real Estate Taxes will include only the prorated and amortized amount, which becomes due during the Term hereof. Real Estate Taxes shall exclude any income, excess profits, single business, inheritance, succession, transfer, franchise, capital, or other tax assessments upon Landlord or Landlord's interest in the Premises. If any special assessment for a public improvement is assessed against the Premises, Tenant shall be responsible for only that portion of the assessment allocable to the Tenant based on the length of time that a benefit is derived by the Tenant during the Term of the Lease calculated against the useful life of the improvement.

(b) Tenant shall remit all payments for Real Estate Taxes directly to the taxing or assessing authority. Upon receipt of all tax bills and assessment bills attributed to any calendar year during the Term hereof, Landlord shall furnish Tenant with a copy of the tax bill or assessment bill, so as to allow Tenant to take advantage of the maximum payment discount available, if Tenant so desires.

(c) Tenant will have the right to contest the amount or validity, in whole or in part, of any tax that Tenant is required to pay, in whole or in part, by appropriate proceedings diligently conducted in good faith, only after paying such tax or posting such security that Landlord reasonably requires in order to protect the Premises against loss or forfeiture. Upon the conclusion of any such protest proceedings, Tenant will pay its share of the tax, as finally determined, in accordance with this Lease, the payment of which tax may have been deferred during the prosecution of the proceedings, together with any costs, fees, interest, penalties, or other related liabilities. Landlord will not be required to join in any contest or proceedings unless the provisions of any law or regulations then in effect require that the proceedings be brought by or in the name of Landlord. In that event, Landlord will join in the proceedings or permit them to be brought in its name; however, Landlord will not be subjected to any liability for the payment of any costs or expenses in connection with any contest or proceedings, and Tenant will indemnify Landlord against and save Landlord harmless from any costs and expenses in this regard.

4.4 Services and Utilities. Tenant shall be solely responsible for providing all services and utilities to the Premises, including, but not limited to: gas, telephone, heating, air conditioning, electrical, waste disposal, water, janitorial, lighting or other services, together with any taxes or penalties thereon. In the event of any interruption, reduction or discontinuance of services (either temporarily or permanently), Landlord shall not be liable for damages to persons or property as a result thereof, nor shall the occurrence of any such event in any way be construed as an eviction of Tenant. If an interruption of services which materially affects Tenant's use and enjoyment of the Premises continues for more than thirty (30) consecutive calendar days, and such interruption is not due to an act or omission of Tenant, Tenant shall have the right to terminate this Lease upon written notice to Landlord, and shall surrender the Premises to Landlord.

SECTION 5.
USE: COMP LIANCE WITH LAWS: MAINTENANCE AND REPAIRS

5.1 Use of Premises. Tenant shall have the right to use the Premises for any lawful purpose, including the cultivation and processing of marijuana and marijuana-based products, as provided for in pertinent regulations associated with medical marijuana establishments. Tenant shall not commit waste on the Premises and shall not use the Premises for any unlawful or improper purpose or in violation of any certificate of occupancy or for any purpose which may constitute a nuisance, public or private, nor suffer any dangerous article to be brought on the Premises unless safeguarded as required by law.

5.2 Compliance with Laws. Tenant shall reasonably, promptly, and effectively comply with all applicable and lawful statutes, regulations, rules, ordinances, orders, and requirements of any public official or agency having jurisdiction in respect of the Premises and Tenant's specific use thereof (herein referred to as "Governmental Authorities"). Landlord shall promptly give notice to Tenant of any written notice in respect of the Premises from Governmental Authorities. Tenant may, in good faith, dispute the validity of any complaint or action taken pursuant to or under color of any of the foregoing, defend against the same, and in good faith diligently conduct any necessary proceedings to prevent and avoid any adverse consequence of the same. Tenant agrees that any such contest shall be prosecuted to a final conclusion as speedily as possible, and Tenant will indemnify and hold Landlord completely harmless with respect to any actions taken by any Governmental Authorities with respect thereto.

5.3 Maintenance and Repairs by Tenant. Except as otherwise provided in section 5.4 below, throughout the term of this Lease, Tenant shall, at Tenant's sole cost and expense, keep the Premises and all improvements in good order, condition, and repair and shall make or cause to be made all repairs to correct any damage thereto. Notwithstanding anything to the contrary set forth herein, in no event shall Tenant be responsible in any way for any of the following:

(a) Costs of repairs or other work occasioned by fire, windstorm or other insured casualty;

(b) Costs of repairs or rebuilding necessitated by condemnation; and/or

(c) Any costs, fines, or penalties relating to environmental investigation or

(d) remediation on, in, or under the Premises not resulting from the acts or omissions of Tenant,

(e) its agents, and contractors.

SECTION 6.
ALTERATIONS: LIENS: SIGNAGE

6.1 Alterations. Tenant shall not make any structural alterations in the Premises without Landlord's prior written consent, not to be unreasonably withheld or delayed. Tenant shall have the right to make interior, non-structural alterations, and structural alterations under $25,000.00, without Landlord's consent.

6.2 Liens. All persons are put on notice of the fact that Tenant under no circumstances shall have the power to subject the interest of Landlord in the Premises to any mechanic's or materialman's lien, or liens of any kind. All persons who hereafter, during the life of this Lease, may furnish work, services, or materials to the Premises upon the request or order of Tenant or any person claiming under, by or through Tenant, must look wholly to the interest of Tenant and not to that of Landlord. Tenant covenants and agrees with Landlord that Tenant will not permit or suffer to be filed or claimed against the interest of Landlord in the Premises during the continuance of this Lease any lien or liens of any kind by any person claiming under, by, through, or against Tenant; and if any such lien is claimed or filed, it shall be the duty of Tenant, within sixty (60) days after the claim of lien or suit claiming a lien has been filed, to cause the Premises to be released from such claim, either through payment or through bonding with corporate surety or through the deposit into court, pursuant to statute, of the necessary sums of money, or in any other way that will affect the release of Landlord's interest in the Premises from such claim.

6.3 Signage. Notwithstanding anything to the contrary set forth in this Lease, 1 tenant shall have the absolute right to install, at its sole cost, such signage on the Premises as Tenant may deem necessary or appropriate, subject to appropriate governmental approvals. Landlord agrees to fully cooperate with Tenant in filing any required signage application, permit, and/or variance for said signage or with respect to the Premises generally.

SECTION 7.
INSURANCE

7.1 Types of Insurance. Tenant shall, at its own cost and expense, carry the following insurance in respect to the Premises and improvements:

(a) Comprehensive public liability insurance in an amount of not less than $2,000,000.00 combined bodily injury and property damage liability; and

(b) With respect to improvements (if any), insurance against loss or damage by fire and other risks covered by fire insurance with extended coverage endorsements in an amount of the full insurable replacement value of such improvements (exclusive of cost of excavation, foundation, and footings below the ground floor and without deduction for depreciation) and in amounts sufficient to prevent Landlord or Tenant from becoming a coinsurer under such policies of insurance.

7.2 Provisions Applicable to All Insurance. With respect to all insurance required to be maintained hereunder by Tenant:

(a) Each such policy shall name Landlord, Tenant, and any mortgagee as insured as their interests appear and shall contain a Standard Mortgagee Clause reasonably satisfactory to Landlord;

(b) Tenant shall, at Tenant's sole cost and expense, observe and comply with all policies of insurance in force with respect to the Premises and improvements; and

(c) Upon Landlord's request, Tenant shall send to Landlord certificates of insurance or receipts or other evidence satisfactory to Landlord showing the payments of all premiums and other charges due thereon.

7.3 Landlord's Right to Obtain Insurance. If Tenant shall fail to maintain any such insurance required hereunder, Landlord may, at Landlord's election, after ten (10) days' written notice to Tenant, procure the same, adding the premium cost to the monthly installment of rental next due, it being hereby expressly covenanted and agreed that payment by Landlord of any such premium shall not be deemed to waive or release the obligation of Tenant to make payment thereof. Tenant's failure to either procure or maintain the insurance required hereunder, after thirty (30) days' written notice from Landlord to Tenant, shall constitute a default by Tenant under this Lease.

7.4 Use of Insurance Proceeds. Any insurance proceeds recovered by reason of damage to or destruction of the Premises or improvements thereto, improvements shall be made available to Tenant and must be used to repair, restore or replace the Premises and improvements so damaged or destroyed with any excess proceeds made available to Tenant.

7.5 Damage or Destruction. If the Premises (including improvements) are damaged to the extent of 50% or more of its insurable value, Landlord may, in its sole discretion, elect (a) to repair or restore the Premises improvements, (b) to construct new Premises and improvements, or to terminate this Lease without liability to either party. If Landlord elects to repair or restore the Premises and improvements or construct new Premises or improvements, it shall do so promptly and Tenant shall receive an abatement of rent in proportion to the extent of the damage until such time as the repair, restoration or reconstruction is completed, but in no event shall Landlord's repair, restoration or reconstruction take, nor shall the rent abatement period exceed, one hundred eighty (180) days. If Landlord elects to terminate this Lease, Landlord shall so notify Tenant within thirty (30) days after the damage occurs, whereupon Landlord shall be entitled to all proceeds of insurance and right of recovery against insurers covering such damage.

7.6 Subrogation. Landlord and Tenant shall each obtain from their respective insurers under all policies of fire, theft, public liability, workers' compensation and other insurance maintained by either of them at any time during the term hereof insuring or covering the Premises, a waiver of all rights of subrogation which the insurer of the party might otherwise have, if at all, against the other party.

SECTION 8.
EMINENT DOMAIN

If any portion of the Premises which materially affects Tenant's ability to continue to use the remainder thereof for the purposes set forth herein, or which renders the Premises untenantable, is taken by right of eminent domain or by condemnation, or is conveyed in lieu of any such taking, then this Lease may be terminated at the option of either Party. Such option shall be exercised by giving notice to the other Party of such termination within 30 days after such taking or conveyance; whereupon this Lease shall forthwith terminate and the Rent shall be duly apportioned as of the date of such taking or conveyance. Upon such termination, Tenant shall surrender to Landlord the Premises and all of Tenant's interest therein under this Lease, and Landlord may re-enter and take possession of the Premises or remove Tenant therefrom. If any portion of the Premises is taken which does not materially affect Tenant's right to use the remainder of the Premises for the purposes set forth herein, this Lease shall continue in full force and effect, and Landlord shall promptly perform any repair or restoration work required to restore the Premises, insofar as possible, to its former condition, and the rental owing hereunder shall be adjusted, if necessary, in such just manner and proportion as the part so taken (and its effect on Tenant's ability to use the remainder of the Premises) bears to the whole. In the event of taking or conveyance as described herein, Landlord shall receive the award or consideration for the lands and improvements so taken; provided, however, that Landlord shall have no interest in any award made for Tenant's loss of business or value of its leasehold interest or for the taking of Tenant's fixtures or property, or for Tenant's relocation expenses. Landlord and Tenant shall cooperate with one another in making claims for condemnation awards.

SECTION 9.
ASSIGNMENT AND SUBLETTING: ATTORNMENT: TENANT FINANCING

9.1 Assignment by Landlord. At any time, Landlord may sell its interest in the Premises or assign this Lease or Landlord's reversion hereunder, either absolutely or as security for a loan, without the necessity of obtaining Tenant's consent or permission, but any such sale or assignment shall be at all times subject to this Lease and the rights of Tenant hereunder.

9.2 Assignment and Subletting by Tenant. Tenant shall have the right to assign, sublet, or otherwise transfer its interest in this Lease and its rights hereunder to any entity or person with Landlord's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed. Notwithstanding the foregoing, Tenant may assign, sublet, or otherwise transfer its interest in this Lease, without Landlord's consent, written or otherwise, to any (i) parent, subsidiary, or affiliate of Tenant, or to a corporation or other business entity with which Tenant may merge, amalgamate, or consolidate, or (ii) entity in which the Premises is intended to be leased back by such entity to Tenant, or any parent, subsidiary, or affiliate of Tenant, or to a corporation or other business entity with which Tenant may merge, amalgamate, or consolidate. This Lease contains no provision restricting, purporting to restrict, or referring in any manner to a change in control or change in shareholders, directors, management, or organization of Tenant, or any subsidiary, affiliate, or parent of Tenant, or to the issuance, sale, purchase, public offering, disposition, or recapitalization of the capital stock of Tenant, or any subsidiary, affiliate, or parent of Tenant. In the event of any transfer, sublet, or assignment of Tenant's interest in this Lease, Tenant shall remain liable for all obligations hereunder.

9.3 Attornment. Any assignee of Landlord or Tenant hereby agrees to attorn to the Tenant or Landlord, respectively, as the case may be.

9.4 Tenant Financing. Tenant shall have the absolute right from time to time during the Term hereof to grant and assign a mortgage or other security interest in Tenant's interest in this Lease with the prior written consent of the Landlord, not to be unreasonably withheld, and without Landlord's further approval, written or otherwise, all of Tenant's property located on or used in connection with the Premises to Tenant's lenders in connection with Tenant's financing arrangements. Landlord agrees to execute such confirmation certificates and other documents (except amendments to this Lease unless Landlord hereafter consents) as Tenant's lenders may reasonably request in connection with any such financing.

SECTION 10.
DEFAULT AND REMEDIES

10.1 Events of Default. If:

(a) Tenant shall default in the due and punctual payment of the Rent, insurance premiums or impositions of any other amounts or rents due under this Lease or any part thereof, and such default shall continue for sixty (60) days after notice thereof in writing to Tenant; or

(b) Tenant shall default in the performance or in compliance with any of the other covenants, agreements, or conditions contained in this Lease and such default shall not be cured within sixty (60) days after notice thereof in writing from Landlord to Tenant; or

(c) Tenant shall file a petition for voluntary bankruptcy or under Chapter VII or XI of the Federal Bankruptcy Act or any similar law, state or federal, whether now or hereafter existing, or an answer admitting insolvency or inability to pay its debts, or fail to obtain a vacation or lift of stay of involuntary proceedings within ninety (90) days after the involuntary petition is filed; or

(d) Tenant shall be adjudicated a bankrupt, or a trustee or receiver shall be appointed for Tenant or for all of its property or the major part thereof in any involuntary proceedings, or any court shall have taken jurisdiction of the property of Tenant or the majority part thereof in any involuntary proceeding for reorganization, dissolution, liquidation, or winding up of Tenant, and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise within ninety (90) days; or

(e) Tenant shall make an assignment for the benefit of its creditors; then and in any such event referred to in clauses (a), (b), (c), (d) or (e) above, Landlord shall have the remedies with respect to the Premises as set forth below.

10.2 Landlord's Remedies Upon Default. Upon the occurrence of an Event of Default by Tenant, then Landlord shall be entitled to the following remedies:

(a) Landlord may terminate this Lease by giving written notice of termination to Tenant, in which event Tenant shall immediately surrender the premises to Landlord. If Tenant fails to so surrender the Premises, then Landlord may, without prejudice to any other remedy it has for possession of the Premises or arrearages in rent or other damages, re-enter and take possession of the Premises and expel or remove Tenant and any other person occupying the Premises or any part thereof, in accordance with applicable law; or

(b) Landlord may re-enter and take possession of the Premises without terminating the Lease in accordance with applicable law, and relet the Premises and apply the Rent received to the account of Tenant. In the event Landlord so re-enters and takes possession of the Premises as set forth above, Landlord agrees to use reasonable efforts to relet the Premises for a commercially reasonable rate at the lime of such reletting. No reletting by Landlord is considered to be for Landlord's own account unless Landlord has notified Tenant in writing that this Lease has been terminated. In addition, no such reletting is to be considered an acceptance of Tenant's surrender of the Premises or a release of Tenant's obligation to pay Rent and all other charges payable hereunder (which obligation Tenant agrees shall continue), unless Landlord so notifies Tenant in writing.

(c) Landlord shall have the right to accelerate the Rent and other amounts payable hereunder should Tenant become more than two (2) months delinquent in the payment of Rent or such other amounts payable, after the expiration of notice and all cure periods hereunder. Landlord shall have the right to sue Tenant for any consequential, punitive or incidental damages including, without limitation, any claims for lost profits and/or lost business opportunity. If Landlord does accelerate the Rent or such other charges due hereunder, then the accelerated rent shall be an amount equal to the Rent payable over the balance of the Lease Term (as if this Lease had not been terminated) less the fair rental value of the Premises for the corresponding period. The accelerated rent shall be discounted to the date payable at an annual interest rate equal to the prime rate as published from time to time in the Money Section of the Wall Street Journal, or if the same is not published, then at the prime rate published by Bank of America in Nevada. Upon payment of the accelerated rent discounted to present value, Tenant shall be released from all further liability under this Lease.

10.3 Mitigation of Damages. In the event that a right of action by Landlord against Tenant arises under this Lease, Landlord shall attempt to mitigate damages by using its best efforts to seek to relet the Premises.

10.4 Landlord's Default. The failure of Landlord to perform any covenant, condition, agreement, or provision contained herein within sixty (60) days after receipt by Landlord of written notice of such failure shall constitute an "Event of Default" hereunder. Upon the occurrence and continuance of an Event of Default, Tenant may, at its option and without any obligation to do so, other than those obligations created in this document, elect any one or both of the following remedies:

(a) Terminate and cancel this Lease; or

(b) Pursue any other remedy now or hereafter available at law or in equity

(c) in the state in which the Premises are situated.

SECTION 11.
OTHER PROVISIONS

11.1 Remedies to Be Cumulative. No remedy conferred upon or reserved to Landlord or Tenant shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at common law or by statute. Every power and remedy given Landlord or Tenant may be exercised from time to time and as often as occasion may arise or may be deemed expedient.

11.2 Notices. All notices, requests, demands, or other communications which may be or are required or permitted to be served or given hereunder (in this Article collectively called "Notices") shall be in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight delivery service to Tenant or to Landlord at the address set forth below. Either party may, by Notice given as aforesaid, change its address for all subsequent Notices. Notices shall be deemed given when received in accordance herewith.

If to Landlord:
Fargo District Holding, LLC
14 Highland Creek Dr.
Henderson, NV 89052
Attn: Larry Scheffler

If to Tenant:
MM Development Company, LLC
205 N. Stephanie St,
Ste D-126
Henderson, NV 89074
Attn: Robert A. Groesbeck

11.3 No Broker. Landlord and Tenant each warrant to the other that no broker or agent has been employed with respect to this Lease and each agrees to indemnify and hold the other harmless from any claims by any broker or agent claiming compensation in respect of this Lease alleging an agreement by Landlord or Tenant, as the case may be.

11.4 Waiver of Jury Trial. Landlord and Tenant waive trial by jury in any action or proceeding brought by either of the parties hereto against the other or on any counterclaim in respect thereof on any matters whatsoever arising out of or in any way connected with the Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises and/or any claim of injury or damage under this Lease.

11.5 No Partnership. Landlord shall not be construed or held to be a partner or associate of Tenant in the conduct of Tenant's business, it being expressly understood and agreed that the relationship between the parties hereto is and shall at all times remain, during the Lease term, that of Landlord and Tenant.

11.6 Non-Waiver. No failure by Landlord or Tenant to insist upon the performance of any covenant, agreement, provision, or condition of this Lease or to exercise any right or remedy, consequent upon a default hereunder, and no acceptance of full or partial rent during the continuance of any such default, shall constitute a waiver of any such default or of such covenant, agreement, provision, or condition. No waiver of any default shall affect or alter this Lease, but each and every covenant, agreement, provision, and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent default hereunder.

11.7 Gender and Number. Words of any gender used in this Lease shall be held to include another gender and words in the singular number shall be held to include the plural and words in the plural shall be held to include the singular, when the sense requires.

11.8 Captions. The captions, titles, article, section, or paragraph headings are inserted only for convenience and they are in no way to be construed as a part of this Lease or as a limitation on the scope of the particular provisions to which they refer.

11.9 Governing Law. This Lease is made pursuant to, and shall be governed by, and construed in accordance with, the laws of the State of Nevada.

11.10 Successors and Assigns. The covenants, conditions, and agreements in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise provided in this Lease, their respective heirs, devisees, executors, administrators, legal representatives, distributees, successors, and assigns.

11.11 Amendment. Any agreement hereafter made shall be ineffective to change, modify, or discharge this Lease in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of the change, modification, or discharge is sought.

11.12 Hazardous Materials. Tenant shall not do anything throughout the term of this Lease and any extension thereof that will violate any Environmental Laws (defined below). Tenant shall indemnify, defend, and hold harmless Landlord, its directors, officers, employees, agents, and assignees or successors to Landlord's interest in the Premises, their directors, officers, employees, and agents from and against any and all losses, claims, suits, damages, judgments, penalties, and liability including, without limitation, (i) all out-of-pocket litigation costs and reasonable attorneys' fees, (ii) all damages (including consequential damages), directly or indirectly arising out of the use, generation, storage, release or threatened release or disposal of Hazardous Materials by Tenant, its agents and contractors, and (iii) the cost of and the obligation to perform any required or necessary repair, clean-up, investigation, removal, remediation or abatement, and the preparation of any closure or other required plans, to the full extent that such actions is attributable, directly or indirectly, to the use, generation, storage, release, or threatened release or disposal of Hazardous Materials by Tenant, its agents, and contractors. This indemnification obligation of Tenant does not extend to any repair, clean-up, investigation, removal, remediation, or abatement of Hazardous Materials (i) which were present on, under, or in the Premises before or on the Lease Commencement Date or (ii) for which Landlord is otherwise obligated to indemnify Tenant pursuant to this Paragraph 11.13, Hazardous Materials shall include but not be limited to substances defined as "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, **et.seq.**\ the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 **et. seq.**\ the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, **et.seq.**\ the common law; and any and all state, local, or federal laws, rules, regulations, and orders pertaining to environmental, public health, or welfare matters, as the same may be amended or supplemented from time to time (collectively, the "Environmental Laws"). Any terms mentioned in this Lease which are defined in any applicable Environmental Laws shall have the meanings ascribed to such terms in such laws, provided, however, that if any such laws are amended so as to broaden any term defined therein, such broader meaning shall apply subsequent to the effective date of such amendment.

In the event any clean-up, investigation, removal, remediation, abatement, or other similar action on, in, or under the Premises is required by an governmental or quasi-governmental agency as a result of the actions or omissions of any party other than Tenant or its agents, contractors or invitees before or after the Lease Commencement Date and such action requires that Tenant be closed for business for greater than a 24-hour period, or if access to the Premises as a result of such action is materially adversely affected for a period in excess of 24 hours, then Tenant's rental and other payment obligations under this Lease shall be abated entirely during the period beyond the 24 hours that Tenant is required to be closed for business or abated in proportion to the amount of lost business suffered by Tenant if access to the Premises is impaired.

The provisions of this Paragraph 11.13 shall survive the expiration or sooner termination of this Lease.

11.13 Attorney's Fees. In the event that at any time during the Term of this Lease either Landlord or Tenant shall institute any action or proceeding against the other relating to the provisions of this Lease, or any default hereunder, the unsuccessful party in such action or proceeding agrees to reimburse the successful party for the reasonable expenses of attorney's fees and paralegal fees and disbursements incurred therein by the successful party. Such reimbursement shall include all legal expenses incurred in arbitration, prior to trial, at trial, and at all levels of appeal and post judgment proceedings.

11.14 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument. A telecopy signature of any party shall be considered to have the same binding legal effect as an original signature.

11.15 Severability. In the event that any term, section, subsection, paragraph, sentence, or clause of this Lease is held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Lease.

11.16 Lease Recordation. No recordation of this Lease nor a Memorandum of Lease is permitted at any time.

11.17 Time. All terms are expressly deemed material to this Lease and time is of the essence with respect to the performance of all obligation to be performed or observed by the Parties hereto.

IN WITNESS WHEREOF, on the day and year first written above, Landlord and Tenant have duly executed this Lease under seal as their free act and deed.

LANDLORD:
FARGO DISTRICT HOLDING, LLC
a Nevada Limited Liability Corporation

/s/ Larry Scheffler
Larry Scheffler
Manager

TENANT:
MM DEVELOPMENT COMPANY, LLC
a Nevada Limited Liability Corporation

/s/ Robert A. Groesbeck
Robert A. Groesbeck
President

EXHIBIT "A"

Legal Description

THAT PORTION OF THE NORTHWEST QUARTER (NW 1/4) OF THE NORTHEAST QUARTER (NE 1/4) OF SECTION 6, TOWNSHIP 22 SOUTH, RANGE 61 EAST, M.D.B. & M., DESCRIBED AS FOLLOWS:

LOT TWO (2) AS SHOWN BY THE MAP THEREOF IN FILE 103 OF PARCEL MAPS, PAGE 79, IN THE OFFICE OF THE COUNTY RECORDER, CLARK COUNTY, NEVADA.

AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE AGREEMENT (this "Amendment") is made as of the 1st day of January 2018, between Fargo District Holdings LLC, a Nevada limited liability company ("Landlord"), and MM Development Company, LLC, a Nevada limited liability company("Tenant").

PRELIMINARY STATEMENTS

A. Landlord and Tenant are parties to that certain Lease Agreement, dated August 30, 2014 (the "Lease"), under which Tenant leased certain premises located at 4280 Wagon Trail Avenue, Las Vegas, Nevada, including, without limitation, the building and improvements located thereon.

B. Landlord and Tenant desire to enter into this Amendment for the purpose of clarifying the Premises under Section 2.1 and the related Exhibit "A", clarifying the Rental under Section 4.1, and modifying the Rental Adjustments provision under Section 4.2 to the Lease.

NOW, THEREFORE, for good and valuable consideration and for the covenants and conditions of this Amendment, the receipt and sufficiency of which are hereby conclusively acknowledged, Landlord and Tenant agree as follows:

1. Recitals. The above recitals are true and correct and are agreed to by Landlord and Tenant as if such recitals were fully set forth herein.

2. Terms. All undefined capitalized terms herein shall have the same meaning as defined in the Lease.

3. Description. Section 2.1 of the Lease is hereby amended and restated in its entirety as follows:

"The Premises herein leased (hereinafter called the "Premises") are legally described in Exhibit "A" attached hereto and made a part of hereof. The Premises also include the building(s) and improvements on or to be constructed on the land area described in Exhibit "A". Landlord also grants to Tenant, its customers, guests, invites, employees and licensees all easements, rights and privileges appurtenant thereto, including the right to use the parking areas, driveways, roads , alleys and means of ingress and egress. The Premises are located at 4280 Wagon Trail Avenue, Suite B, Las Vegas, Nevada, 89118 and include approximately 2,000 square feet of office space located at 4280 Wagon Trail Avenue, Suite A, Las Vegas, Nevada, 89118."

4. Rent. Section 4.1 of the Lease is hereby amended and restated in its entirety as follows:

"Commencing on the date ("Rent Commencement Date") which is thirty (30) days from issuance of a certificate of occupancy from the local governing authority, Tenant covenants and agrees to pay to Landlord in lawful money of the United States of America, during each Lease year, an annual rental of One Hundred Nineteen Thousand Seven Hundred Twenty Seven and 84/100 Dollars ($119,727.84), (the "Rent"). The Rent shall be payable in equal monthly installments of Nine Thousand Nine Hundred Seventy Seven and 32/100 Dollars ($9,977.32) each, in advance on or before the First day of each and every calendar month of the term of this Lease. The Rent shall be paid in addition to and over and above all other payments to be made by Tenant herein. The first Lease year shall be a full year commencing on the Lease Commencement Date and each following Lease year shall be an annual period commencing on the anniversary date of the Lease Commencement Date. Appropriate proration shall be made if the Lease Commencement Date is not on the First day of a calendar month, or if the date of termination of the Lease is not on the last day of a calendar month."

5. Rental Adjustments. Pursuant to this Amendment to Lease, the Rent shall be adjusted to equal the rent then currently payable, plus an increased amount as follows:

Effective Date	Increase
January 1, 2018 and each year thereafter	3.0%

6. Exhibit "A". Exhibit "A" to the Lease is hereby deleted in its entirety and replaced with a new Exhibit "A" as attached to this Amendment to Lease.

7. Ratification of Lease. Unless expressly modified herein, all conditions of the Lease are hereby ratified and reaffirmed in their entirety.

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

LANDLORD:
FARGO DISTRICT HOLDING, LLC
a Nevada Limited Liability Corporation

/s/ Larry Scheffler
Larry Scheffler
Manager

TENANT:
MM DEVELOPMENT COMPANY, LLC
a Nevada Limited Liability Corporation

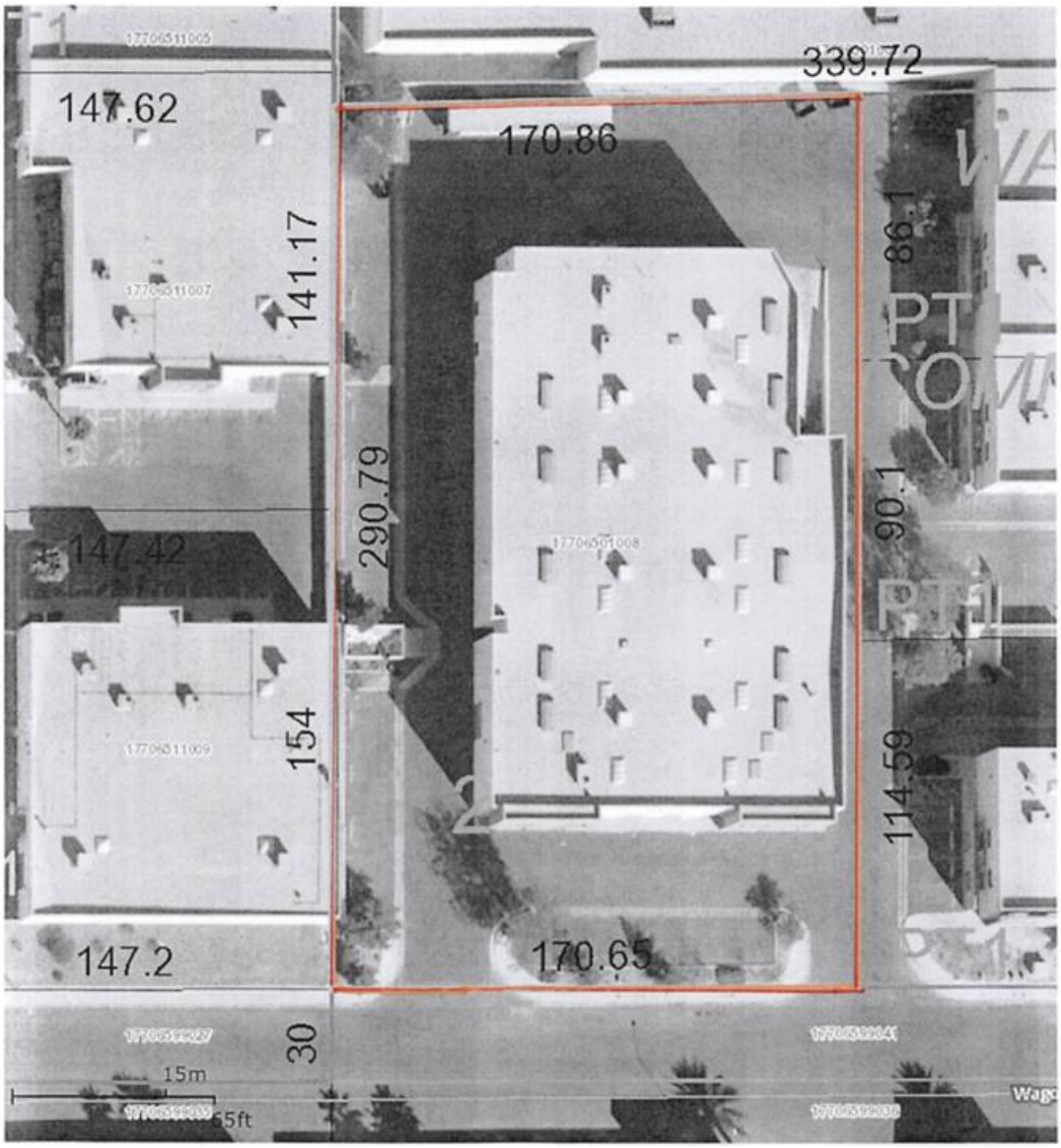
/s/ Robert A. Groesbeck
Robert A. Groesbeck
President

EXHIBIT "A"

Legal Description

THAT PORTION OF THE NORTHWEST QUARTER (NW 1/4) OF THE NORTHEAST QUARTER (NE 1/4) OF SECTION 6, TOWNSHIP 22 SOUTH, RANGE 61 EAST, M.D.B. & M., DESCRIBED AS FOLLOWS:

LOT TWO (2) AS SHOWN BY THE MAP THEREOF IN FILE 103 OF PARCEL MAPS, PAGE 79, IN THE OFFICE OF THE COUNTY RECORDER, CLARK COUNTY, NEVADA AND MORE COMMONLY REFERRED TO AS 4280 WAGON TRAIL AVENUE, SUITE B, LAS VEGAS, NV 89118 PLUS +/- 2,000 SQUARE FEET OF OFFICE SPACE LOCATED AT 4280 WAGON TRAIL AVENUE, SUITE A, LAS VEGAS, NEVADA, 89118.


339.72
147.62
170.86
141.17
86.1
290.79
90.1
147.42
154
114.59
147.2
170.65
30
15m

PARCEL MAP

FOR: GRAPHICSLAND, LTD, A NEVADA LIMITED LIABILITY COMPANY
A SUBDIVISION OF GOVERNMENT LOT 14
SITUATED IN THE NORTHEAST QUARTER (NE 1/4) OF SECTION 6, TOWNSHIP 22 SOUTH, RANGE 61 EAST, M.D.M.,
CLARK COUNTY, NEVADA

OWNER'S CERTIFICATE + DEDICATION

WE, GRAPHICSLAND, LTD, A NEVADA LIMITED LIABILITY COMPANY, DO HEREBY CERTIFY THAT WE ARE THE OWNER(S) OF THE PARCEL OF LAND WHICH IS SHOWN UPON THE ATTACHED MAP. WE HEREBY CONSENT TO THE PREPARATION AND RECORDATION OF THE PLAT AND DO HEREBY OFFER TO DEDICATE TO CLARK COUNTY ALL PUBLIC STREETS, AND GRANT ALL PUBLIC INGRESS/EGRESS EASEMENTS AND OTHER RIGHTS-OF-WAY AS INDICATED AND OUTLINED HEREON FOR THE USE OF THE PUBLIC.

11-1-02

GRAPHICSLAND, LTD, A NEVADA LIMITED LIABILITY COMPANY — DATE
LARRY SCHEFFLER

ACKNOWLEDGMENT

STATE OF NEVADA }
} SS
COUNTY OF CLARK }

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON November 1 2002
GRAPHICSLAND, LTD, A NEVADA LIMITED LIABILITY COMPANY

ANDREA L. GORRIA, NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE
MY COMMISSION EXPIRES 6/10/2003

SURVEYOR'S CERTIFICATE

I, TEX J. BROOKS, A PROFESSIONAL LAND SURVEYOR LICENSED IN THE STATE OF NEVADA, CERTIFY THAT:

1) THIS PLAT REPRESENTS THE RESULTS OF A SURVEY CONDUCTED UNDER MY DIRECT SUPERVISION AT THE INSTANCE OF GRAPHICSLAND, LTD, A NEVADA LIMITED LIABILITY COMPANY.

2) LANDS SURVEYED LIE WITHIN THE NORTHEAST QUARTER (NE 1/4) OF SECTION 6, TOWNSHIP 22 SOUTH, RANGE 61 EAST, M.D.M., CLARK COUNTY, NEVADA AND THE SURVEY WAS COMPLETED ON SEPTEMBER 13, 2002.

3) THIS PLAT COMPLIES WITH THE APPLICABLE STATE STATUTES AND ANY LOCAL ORDINANCES IN EFFECT ON THE DATE THAT THE GOVERNING BODY GAVE ITS FINAL APPROVAL.

4) THE MONUMENTS DEPICTED ON THE PLAT WILL BE OF THE CHARACTER SHOWN AND OCCUPY THE POSITIONS INDICATED BY 11-26-03, AND AN APPROPRIATE FINANCIAL GUARANTEE WILL BE POSTED WITH THE GOVERNING BODY BEFORE RECORDATION TO ASSURE THE INSTALLATION OF THE MONUMENTS.

TEX J. BROOKS
PROFESSIONAL LAND SURVEYOR
NEVADA LICENSE No. 13747

11-1-02
EXPIRES: 12-31-02

BASIS OF BEARINGS

NORTH 00°04'07" EAST, BEING THE WEST LINE OF THE NORTHEAST QUARTER (NE 1/4) OF SECTION 6, TOWNSHIP 22 SOUTH, RANGE 61 EAST, M.D.M., CLARK COUNTY, NEVADA, AS SHOWN BY MAP ON FILE AT THE CLARK COUNTY RECORDER'S OFFICE IN FILE 90 OF PARCEL MAPS, PAGE 78.

AREA TABLE

PARCEL 1	AREA = 2.271 AC.
PARCEL 2	AREA = 1.140 AC.
PARCEL 3	AREA = 1.126 AC.
R/W DEDICATION	AREA = 0.488 AC.
R/W DEDICATION	AREA = 0.233 AC.
TOTAL AREA	AREA = 5.240 AC.

NOTE:
BENEFICIARY STATEMENTS TO RECORD AS SEPARATE DOCUMENTS.

LAS VEGAS VALLEY WATER DISTRICT NOTE

LOT/BLOCK	ACRE-FEET/YEAR
1	1.0

VICINITY MAP

NOT TO SCALE

SURVEY ANALYSIS

NE1/4, SECTION 06, TOWNSHIP 22 SOUTH, RANGE 61 EAST, M.D.M.

COUNTY SURVEYOR'S CERTIFICATE

I, BRETT W. LANE, COUNTY SURVEYOR FOR CLARK COUNTY, NEVADA, DO HEREBY CERTIFY THAT ON THIS 26TH DAY OF NOVEMBER, 2002, I DID EXAMINE THIS PARCEL MAP, THAT SAID MAP IS TECHNICALLY CORRECT.

BRETT W. LANE, PLS
CLARK COUNTY SURVEYOR
NEVADA CERTIFICATE NO. 7691
JAMES R. DORSEY, PLS 11766
11-26-02

DEPARTMENT OF PUBLIC WORKS APPROVAL

THIS IS TO CERTIFY THAT ROBERT THOMPSON, AS DESIGNATED BY THE BOARD OF COUNTY COMMISSIONERS, APPROVED THIS MAP ON BEHALF OF THE PUBLIC, ANY PARCELS OF LAND OFFERED FOR DEDICATION FOR PUBLIC USE IN CONFORMITY WITH THE TERMS OF THE OFFER OF DEDICATION SHOWN HEREON.

ROBERT B. THOMPSON — 11/26/02 DATE
FOR THE DIRECTOR OF PUBLIC WORKS

ZONING DEPARTMENT APPROVAL:

THIS IS TO CERTIFY THAT THE ZONING ADMINISTRATOR, AS DESIGNATED BY THE BOARD OF COUNTY COMMISSIONERS, APPROVED THIS MAP ON BEHALF OF CLARK COUNTY ON THE 26th DAY OF NOVEMBER, 2002.

SHANE AMMERMAN — 11/26/02 DATE
FOR THE ZONING ADMINISTRATOR

PURSUANT TO NRS 278.468, THIS MAP MUST RECORD BY NOVEMBER 26, 2003.

LANDSCAPING NOTE

LANDSCAPING TO BE PROVIDED AND MAINTAINED ON LOTS 2 AND 3 PER TITLE 30 REQUIREMENTS.

SIGHT VISIBILITY ZONE NOTE

NO WALLS, FENCES, TREES, SHRUBS, UTILITY APPURTENANCES OR ANY OTHER OBJECT, OTHER THAN TRAFFIC CONTROL DEVICES AND STREET LIGHT POLES MAY BE CONSTRUCTED OR INSTALLED WITHIN THE SIGHT ZONE UNLESS SAID OBJECT IS MAINTAINED AT LESS THAN 24 INCHES IN HEIGHT, MEASURED FROM TOP OF CURB, OR WHERE NO CURB EXISTS, A HEIGHT OF 27 INCHES MEASURED FROM THE TOP OF ADJACENT ASPHALT, GRAVEL OR PAVEMENT STREET SURFACE.

PATENT EASEMENT NOTE

THE 33' WIDE RIGHT-OF-WAY EASEMENT AS RESERVED IN GOVERNMENT PATENT 1157893, DATED MARCH 8, 1956, AND RECORDED IN BOOK 108, DOCUMENT 89134 OF THE OFFICIAL RECORDS OF CLARK COUNTY, NEVADA, SHALL BE VACATED PRIOR TO THIS MAP RECORDING. THE EASEMENT SHALL BE VACATED AS A PART OF APPLICATION VS-0870-02, CLARK COUNTY, NEVADA.

COUNTY RECORDER'S NOTE

ANY SUBSEQUENT CHANGES TO THIS MAP SHOULD BE EXAMINED AND MAY BE DETERMINED BY REFERENCE TO THE COUNTY RECORDER'S CUMULATIVE MAP INDEX. N.R.S. 278.5695

MSM-0122-02

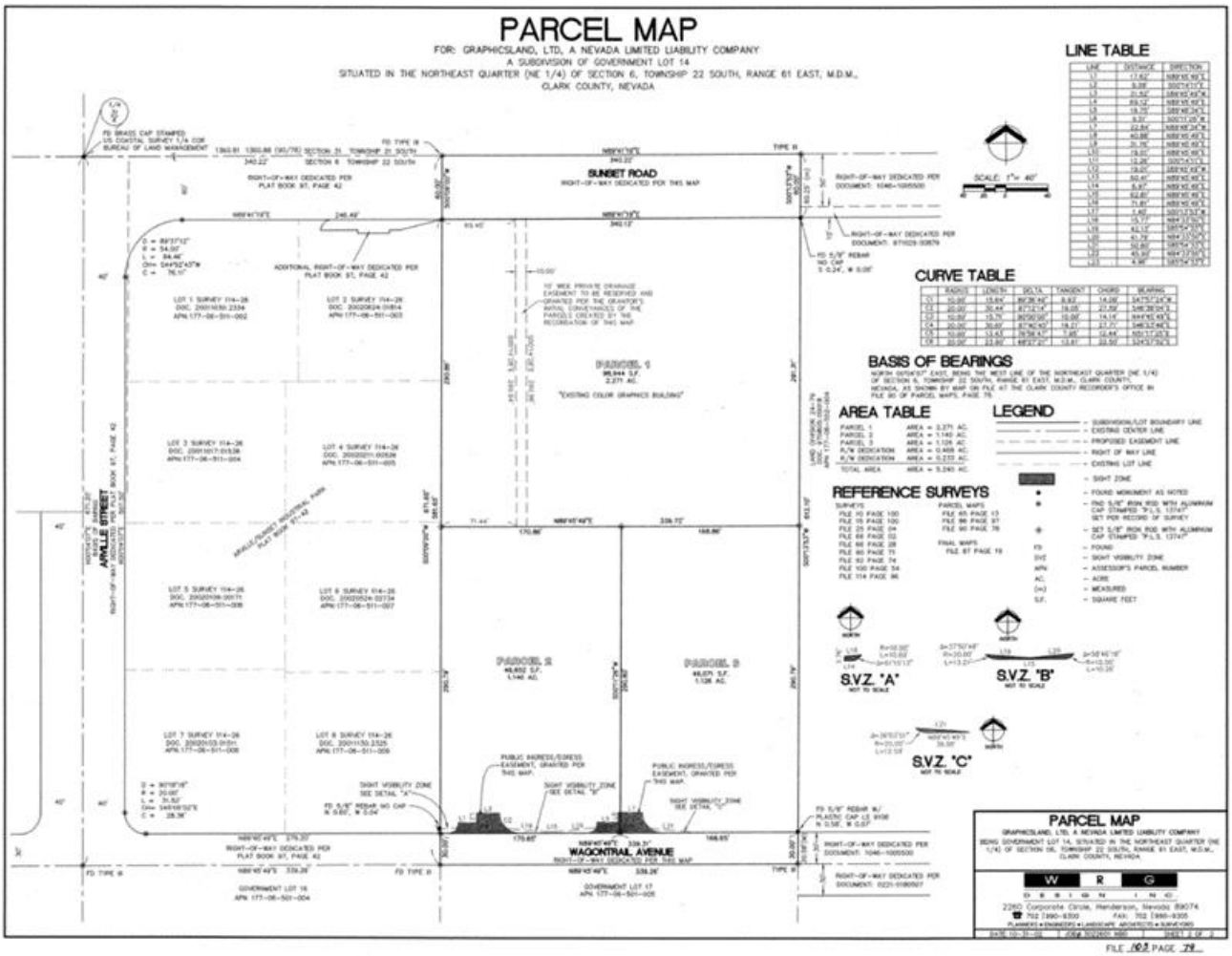
PARCEL MAP

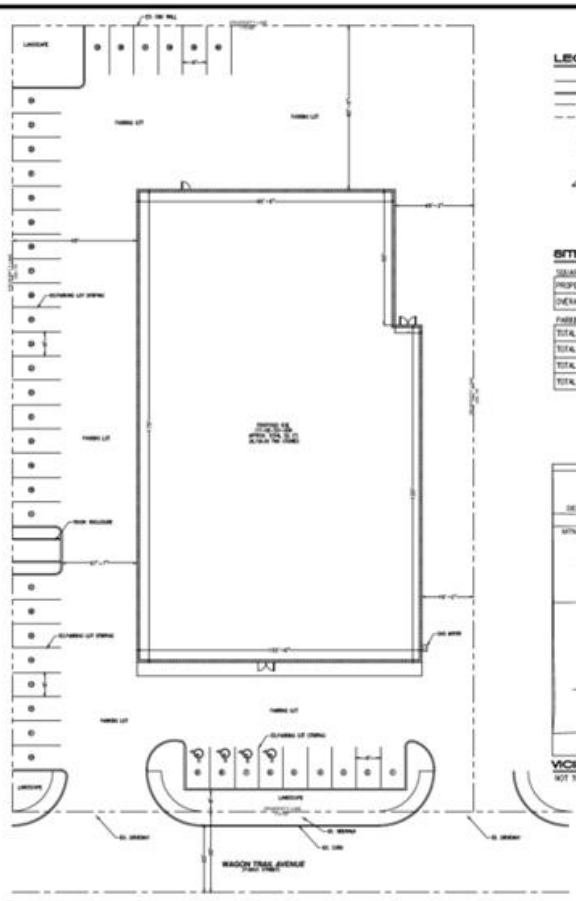
GRAPHICSLAND, LTD. A NEVADA LIMITED LIABILITY COMPANY
BEING GOVERNMENT LOT 14, SITUATED IN THE NORTHEAST QUARTER (NE 1/4) OF SECTION 06, TOWNSHIP 22 SOUTH, RANGE 61 EAST, M.D.M., CLARK COUNTY, NEVADA

W R G
D E S I G N I N C
2260 Corporate Circle, Henderson, Nevada 89074
702 (990-9300 FAX 702 (990-9305
PLANNERS • ENGINEERS • LANDSCAPE ARCHITECTS • SURVEYORS
DATE: 11-01-02 | JOB# 2022601 NBO | SHEET 1 OF 2

NO. 2200
FILED AT THE REQUEST OF: GRAPHICSLAND, LTD
DATE: 12-6-2002 AT 14:13
FILE 103 PAGE 79
OF PARCEL MAPS
OFFICIAL RECORDS BOOK NO. 20021206
CLARK COUNTY, NEVADA RECORDS
JUDITH A. VANDEVER - RECORDER
FEE: $17.00 DEPUTY MSH

FILE 103 PAGE 79


PARCEL MAP
FOR: GRAPHICSLAND, LTD, A NEVADA LIMITED LIABILITY COMPANY
A SUBDIVISION OF GOVERNMENT LOT 14
SITUATED IN THE NORTHEAST QUARTER (NE 1/4) OF SECTION 6, TOWNSHIP 22 SOUTH, RANGE 61 EAST, M.D.M.,
CLARK COUNTY, NEVADA
LINE TABLE
CURVE TABLE
BASIS OF BEARINGS
AREA TABLE
LEGEND
REFERENCE SURVEYS
SUNSET ROAD
APOLLO STREET
WAGONTRAIL AVENUE
PARCEL 1
PARCEL 2
PARCEL 3
S.V.Z. "A"
S.V.Z. "B"
S.V.Z. "C"
PARCEL MAP
GRAPHICSLAND, LTD, A NEVADA LIMITED LIABILITY COMPANY
W R G
DESIGN INC
2280 Corporate Circle, Henderson, Nevada 89074
FILE 103 PAGE 79



LEGEND

- CENTER LINE (TYP)
- CURB AND GUTTER
- RIGHT OF WAY
- BUILDING OVERHANG
- EXISTING ELECTRIC (TYP)
- EXISTING WATER (TYP)
- PEDESTRIAN SIGNAL
- EXISTING HANDICAP RAMPS (TYP)

SITE CALCULATIONS

SQUARE FOOTAGES	
PROPERTY SIZE	1.14 ACRES
OVERALL BUILDING SIZE	19,363 SQ. FT.

PARKING	
TOTAL PARKING SPACES REQUIRED	40 TOTAL
TOTAL PARKING SPACES PROVIDED	40 TOTAL
TOTAL HANDICAP SPACES REQUIRED	4 TOTAL
TOTAL HANDICAP SPACES PROVIDED	4 TOTAL

VICINITY MAP
NOT TO SCALE

DRAWING GUIDELINES

1. ALL DIMENSIONS SHOWN ON THIS DRAWING SHOULD BE CHECKED/VERIFIED PRIOR TO THE ORDERING OF ANY MATERIALS AND PRIOR TO THE FABRICATION AND INSTALLATION OF ANY MATERIALS.

2. THESE DRAWINGS WERE PREPARED WITHOUT THE BENEFIT OF A FULL SET OF ARCHITECTURAL DRAWINGS. SOME PERIMETER CONDITIONS MAY BE SHOWN AS UNKNOWN. THESE CONDITIONS SHOULD BE VERIFIED PRIOR TO FABRICATION AND INSTALLATION FOR THEIR EFFECT ON THE WORK BEING PERFORMED.

3. THESE DRAWINGS WERE PREPARED WITHOUT THE BENEFIT OF STRUCTURAL DRAWINGS. THIS MAY AFFECT THE LOCATION AND SIZING THE STRUCTURAL LAYOUT IN THESE AREAS SHOULD BE VERIFIED PRIOR TO FABRICATION AND INSTALLATION OF THE WORK.

DRAWING DISCLAIMER

THIS DISCLAIMER APPLIES TO ALL IDEAL SOLUTIONS CUSTOMERS AS WELL AS ANY PARTY USING THESE DRAWINGS TO OBTAIN INFORMATION NEEDED TO ORDER, COORDINATE, CONSTRUCT, FABRICATE, OR INSTALL MATERIALS FOR THIS PROJECT.THIS ALSO APPLIES TO ALL CONTRACTORS AND TRADES.

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EXISTING CONDITIONS

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SITE PLAN LAYOUT
SCALE: 1/16" = 1'

PROPERTY INFORMATION

PARCEL NUMBER: 177-08-501-008
OWNER NAME: MM DEVELOPMENT, LLC
SITE ADDRESS: 4280 WAGON TRAIL AVE, LAS VEGAS, NEVADA 89118
ZONING TYPE: DESIGNED MANUFACTURING
ESTIMATED INTERIOR SQUARE FOOTAGE: 19,363 SQ.FT.
ESTIMATED LOT SIZE: 1.14 ACRES

4280 WAGON TRAIL AVE
LAS VEGAS, NEVADA 89118
PROPOSED CULTIVATION SITE PLAN

IDEAL SOLUTIONS DRAFTING SERVICES
6226 MELJOD DRIVE SUITE 633
LAS VEGAS, NEVADA 89108
PH: (702) 202-2660
EMAIL: IDEALSOLUTIONSDRAFTING@GMAIL.COM
WEB SITE: WWW.IDEALSOLUTIONSDRAFTING.COM

PROJECT OWNER:
MM DEVELOPMENT COMPANY
4280 W. SUNSET ROAD
LAS VEGAS NV, 89118

DESIGNED BY: EDP
DRAWN BY: EDP
SIGNATURE:
SCALE: 1/16" = 1'
PROJECT DATE: 6/7/22, 10:14

SHEET NO: A1

PROJECT #: 000-0000

PROPOSED FIRST FLOOR PLAN LAYOUT

SCALE: 1/8" = 1'

NORTH

DRAWING GUIDELINES

1. ALL DIMENSIONS SHOWN ON THIS DRAWING S
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2. THESE DRAWINGS WERE PREPARED WITHOUT THE BENEFIT OF A FULL SET OF ARCHITECTURAL DRAWINGS. SOME PERIMETER CONDITIONS MAY BE SHOWN AS UNKNOWN. THESE CONDITIONS SHOULD BE VERIFIED PRIOR TO FABRICATION AND INSTALLATION FOR THEIR EFFECT ON THE WORK BEING PERFORMED.

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PROPERTY INFORMATION

PARCEL NUMBER: 177-26-501-008
OWNER NAME: MM DEVELOPMENT, LLC
SITE ADDRESS: 4280 WAGON TRAIL AVE, LAS VEGAS, NEVADA 89118
ZONING: M-1 (LI) DESIGNED MANUFACTURING
ESTIMATED INTERIOR SQUARE FOOTAGE: 78,363 SQFT.
ESTIMATED LOT SIZE: 1.74 ACRES

4280 WAGON TRAIL AVE
LAS VEGAS, NEVADA 89118

PROJECT:
INFUSION/EXTRACTION
FIRST FLOOR PLAN

IDEAL SOLUTIONS
DRAFTING SERVICES
[illegible]
LAS VEGAS, NEVADA 89052
TELEPHONE: 702.358.2260
EMAIL: [illegible]
WEB SITE: WWW.IDEALSOLUTIONSDRAFTING.COM

CLIENT INFO:
MM DEVELOPMENT COMPANY
[illegible]
LAS VEGAS NV, 89118

DESIGNED BY:
[illegible]

DRAWN BY:
[illegible]

SIGNATURE:

SCALE:
1/8" = 1'

PROJECT DATE:
APRIL, 2024

SHEET NO:
A2

PROJECT #
XXX-XXXX

[redacted]

PROPOSED SECOND FLOOR PLAN LAYOUT
SCALE: 1/8" = 1'

NORTH

DRAWING GUIDELINES

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PROPERTY INFORMATION

PARCEL NUMBER: 177-06-501-008
OWNER NAME: NM DEVELOPMENT, LLC
SITE ADDRESS: 4280 WAGON TRAIL AVE, LAS VEGAS, NEVADA 89118
ZONING: M-1 DESIGNED MANUFACTURING
ESTIMATED INTERIOR SQUARE FOOTAGE: 16,363 SQFT.
ESTIMATED LOT SIZE: 1.14 ACRES

NO.	REVISION	BY	CHK'D	APP'D	DATE
1					
2					
3					
4					
5					
6					

IDEAL SOLUTIONS
DRAFTING SERVICES
[redacted]

4280 WAGON TRAIL AVE
LAS VEGAS, NEVADA 89118

PROPOSED CULTIVATION
SECOND FLOOR PLAN

CLIENT INFO:
NM DEVELOPMENT COMPANY
4280 WAGON TRAIL
LAS VEGAS, NEVADA 89118

DESIGNED BY:
RDP

DRAWN BY:
RDP

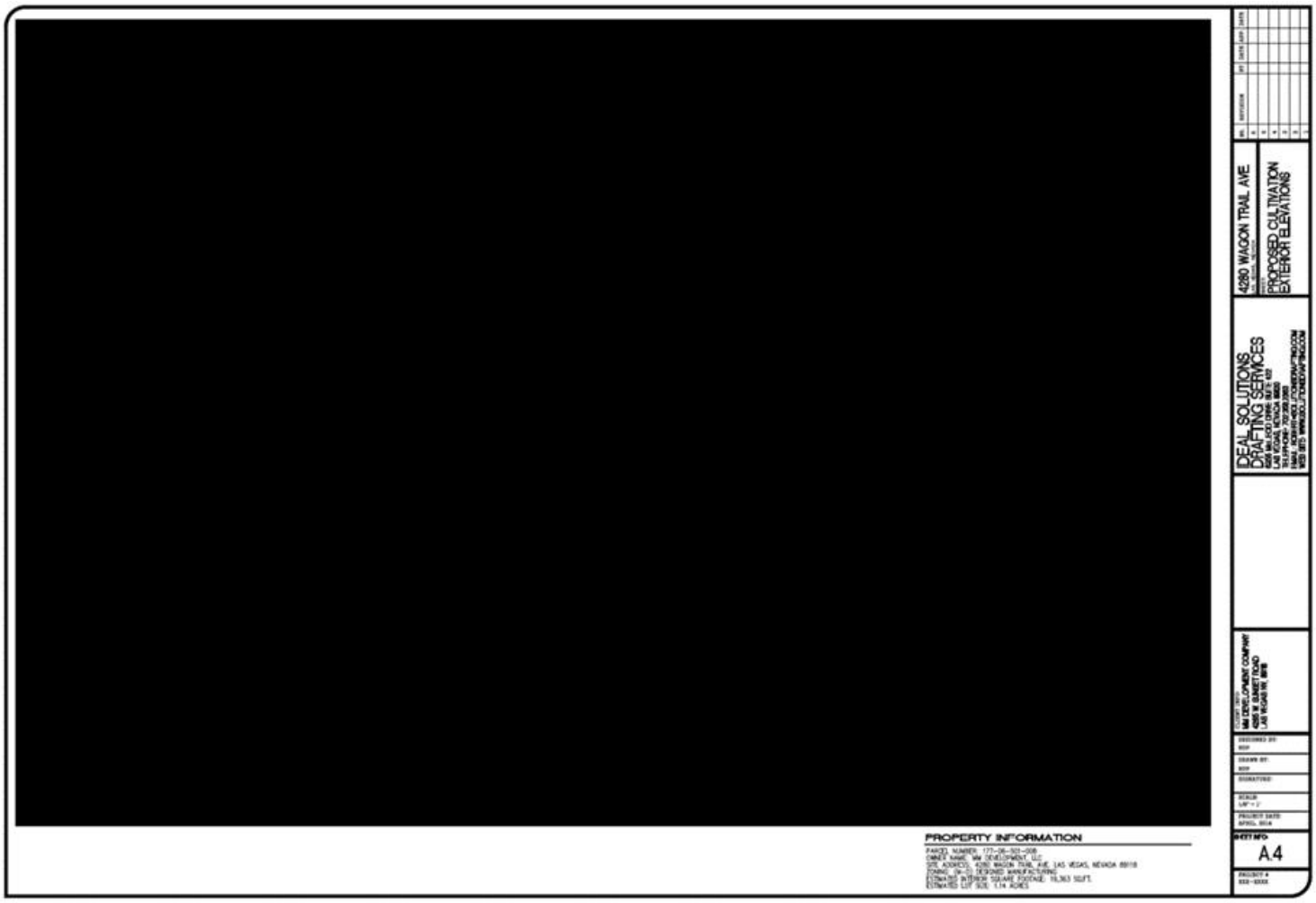
REVISIONS:

SCALE:
1/8" = 1'

PROJECT DATE:
APRIL 2014

SHEET NO:
A.3

PROJECT #:
XXX-XXXX



PROPERTY INFORMATION

PARCEL NUMBER: 177-06-501-008
OWNER NAME: MM DEVELOPMENT, LLC
SITE ADDRESS: 4280 WAGON TRAIL AVE, LAS VEGAS, NEVADA 89118
ZONING: IN-1) DESIGNED MANUFACTURING
ESTIMATED INTERIOR SQUARE FOOTAGE: 19,363 SQ.FT.
ESTIMATED LOT SIZE: 1.14 ACRES

4280 WAGON TRAIL AVE

PROPOSED CULTIVATION EXTERIOR ELEVATIONS

DEAL SOLUTIONS DRAFTING SERVICES

A.4

[redacted]

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NORTH

SITE PLAN LAYOUT

SCALE: 1/16" = 1'

PROPERTY INFORMATION

PARCEL NUMBER: 177-06-101-008
OWNER NAME: MM DEVELOPMENT, LLC
SITE ADDRESS: 4280 WAGON TRAIL AVE, LAS VEGAS, NEVADA 89118
ZONING: M-1 (DESIGNED MANUFACTURING)
ESTIMATED INTERIOR SQUARE FOOTAGE: 15,363 SQ.FT.
ESTIMATED LOT SIZE: 1.14 ACRES

NO.	REVISION	BY	APPD	DATE
1				
2				
3				
4				
5				
6				
7				
8				

4280 WAGON TRAIL AVE
LAS VEGAS, NEVADA 89118

PROPOSED CULTIVATION SITE LANDSCAPE PLAN

IDEAL SOLUTIONS DRAFTING SERVICES
LAS VEGAS, NEVADA 89123
TELEPHONE: 702.283.2283
WEB SITE: WWW.IDEALSOLUTIONSDRAFTING.COM

CLIENT DATA:
MM DEVELOPMENT COMPANY
4280 WAGON TRAIL AVE
LAS VEGAS NEVADA 89118

DESIGNED BY: BDP
DRAWN BY: BDP
SIGNATURES
SCALE: 1/16" = 1'
PROJECT DATES: APRIL, 2018

SHEET NO: A5

PROJECT #: 000-0000

SECOND AMENDMENT TO LEASE AGREEMENT

This SECOND AMENDMENT TO LEASE AGREEMENT (the "**Amendment**") is entered into and made as of the **14th** day of **September, 2018**, by and between **FARGO DISTRICT HOLDINGS, LLC,** a Nevada limited liability company ("**Landlord**"), and **MM DEVELOPMENT COMPANY, INC.**, a Nevada corporation (successor to MM Development Company, LLC, a Nevada limited liability company, pursuant to Articles of Conversion, dated March 14, 2018) ("**Tenant**").

RECITALS

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated **August 30, 2014**, hereinafter called the "**Original Lease**", and a subsequent Amendment to Lease Agreement, dated January 1, 2018 and with the foregoing, collectively, the "**Lease**".

STATEMENT OF AGREEMENT

WHEREAS, Landlord and Tenant desire to modify and amend the Lease by this further Amendment.

NOW THEREFORE, in consideration of the mutual covenants herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Section 2.1, PREMISES. Section 3 of the Amendment to Lease, dated January 1, 2018 is hereby amended in its entirety and restated as follows: That certain portion of the Project (as defined below), including all improvements therein, commonly known by the street address of 4280 Wagon Trail Avenue, Suite B, located in the city of Las Vegas, County of Clark, State of Nevada, with zip code 89118 (the "**Premises**") and generally described as approximately 12,348 square feet of two-story office/lab space (see **Exhibit A** attached hereto) located within the 4280 Wagon Trail building, which totals approximately 25,372 square feet. In addition to Tenant's rights to use and occupy the Premises as described in the Lease, Tenant shall have non-exclusive rights to any utility raceways of the building and to the common areas. The Premises, the building, the common areas and the land upon which they are located, are herein collectively referred to as the "**Project**."

2. Section 2.1, PREMISES; PARKING. Tenant shall be entitled to use a maximum of twenty-five (25) parking spaces on those portions of the common areas designated from time to time by Landlord for parking. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, hereinafter called "**Permitted Size Vehicles**." No vehicles other than Permitted Size Vehicles may be parked in the common areas without the prior written permission of the Landlord, except for temporary parking (no longer than 48 hours in length) will be permitted for trucks and vans in connection with shipping and deliveries. In addition, Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, contractors or invitees to be loaded, or parked in areas other than those designated by Landlord for such activities and in no event, shall Tenant conduct service, repair, washing or storage of any vehicles in the common areas. If Tenant permits or allows any of the prohibited activities described above, then Landlord shall have the right, without notice, in addition to such other rights or remedies that it might have, to remove or tow away the vehicle involved and charge the cost to the Tenant, which cost shall be immediately payable upon demand by Landlord.

3. Section 2.1, CONDITION OF PREMISES. Tenant acknowledges it has accepted possession of the Premises in its existing "as-is" condition and that all existing building systems are in good operating condition. Tenant acknowledges that: (a) it has inspected and is satisfied with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with all governmental codes and the Americans with Disabilities Act) and their suitability for Tenant's intended use, (b) Tenant has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefore as the same relates to its occupancy of the Premises, and (c) the Landlord has made no oral or written representations or warranties with respect to said matters other than as set forth in the Lease.

4. Section 3.4, TENANT'S PROPERTY. At the expiration or earlier termination of the Lease, Tenant will perform any clean-up necessary to remove any odor or residue pertaining to the use of the Premises for medical marijuana and other materials. The removal of Tenant's Property does not include removal of the HVAC and other building systems at the Property.

5. Section 4.1, RENT. Pursuant to this Second Amendment, the base monthly rental due under the Lease shall be Nine Thousand Nine Hundred Seventy Seven and 32/100 Dollars ($9,977.32). Rent and other financial obligations of Tenant (sometimes referred to as "**Additional Rent**") will be paid to Landlord by good and sufficient check drawn on a US-based bank or bank wire transfer, in a manner reasonably acceptable to Landlord (and not by delivery of currency to Landlord).

6. Section 4.1, RENT DUE. The Payment of Rent (Base Rent and Common Area Operating Expenses) is due on the first day of each month, *without notice* from the Landlord.

7. Section 4.1, RENT/NON-SUFFICIENT FUNDS. Notwithstanding the provisions of the Lease as amended (for late charges and interest on past due obligations), in the event that Tenant's monthly rent check is returned to Landlord due to non-sufficient funds, Tenant shall be required, for the remainder of the Lease Term, to pay Landlord said monthly rent in the form of a cashier's check.

8. Section 4.2 RENTAL ADJUSTMENTS. The adjustment date ("**Adjustment Date**") for the Base Rent under **Section 4.2** shall be on the first day of January 2019 and on each and every subsequent anniversary thereof for the term of the Lease. The amount of the adjustment/increase to monthly Base Rent under **Section 4.2** is fixed at a three percent (3.0%) annual increase above the amount of monthly Base Rent payable at the end of the immediately preceding annual period.

9. Section 4.4, TERMINATION BY TENANT BECAUSE OF INTERRUPTION OF SERVICES. Tenant will not exercise its right to terminate this Lease pursuant to **Section 4.4** of the Lease unless Tenant has first given Landlord at least twenty (20) days advance notice of its intent to terminate the Lease under such **Section 4.4** (which notice may be given at any time after the interruption first occurs) if the interruption is not cured within the 30-day time period provided in the Lease.

10. Section 5.1, USE OF PREMISES. Tenant will obtain Landlord's consent, which will not be unreasonably withheld or delayed, if Tenant intends to change the use of the Premises pursuant to **Section 5.1** from the specific use as named in **Section 5.1**, as currently operated in the Premises.

11. NET LEASE.

(A) Payment of Operating Expenses. Tenant shall promptly pay the Landlord for Tenant's proportionate share of maintenance, repair and replacements, property taxes and assessments, property insurance premiums, operating expenses, or any other costs, expenses, charges or premiums under this Lease relative to the leased Premises and Project (collectively, "**Operating Expenses**"), including (without limitation) the costs incurred by Landlord for: (i) maintenance, repair and replacement (as necessary) of the Building roof and structure, improvements and other portions of the Project (provided, if the nature of the work is a capital improvement, which shall be limited to the roof, the parking lot and the HVAC and evaporative cooling equipment, the cost will be allocated over a twelve year period and Tenant shall not be required to pay more than Tenant's share of 1/144 of the cost of such capital improvement in any given month); (ii) Real Estate Taxes and assessments affecting the Project; (iii) the cost of the premiums for the "all risk" insurance policies required to be carried by the Landlord for the Project (see **Section 7** of the Lease as modified below); (iv) costs for maintaining the common areas of the Project, including but not limited to exterior window cleaning, exterior lighting, gardening and landscaping, maintenance and repair of sprinkler systems, fire/life safety protection systems, storm drainage systems, elevator systems, striping, repairing, replacing (including any alterations necessary to comply with any applicable Legal Requirements, as defined below) and maintaining the Building, improvements, roof system, HVAC and mechanical equipment, parking and accessways of the Project; (v) the cost of utility services to the Project and the Premises, including water, sewer, natural gas and electricity; and (vi) reasonable management and administrative fees on the Operating Expenses. Landlord may require Tenant to pay monthly installments of estimated Operating Expenses, subject to an annual reconciliation and adjustment after the actual Operating Expenses for the year are determined. Upon request from Tenant from time to time (but not more frequently than once each year, for the most recently completed year), Tenant will have the right, at Tenant's expense and upon not less than forty-eight (48) hours' prior written to Landlord, to review or audit at reasonable times Landlord's books and records (to the extent available) for purposes of verifying Landlord's calculation of Operating Expenses charged to Tenant. A copy of the review or audit report will be provided simultaneously to Landlord and Tenant. In the event the review or audit shows (and the parties in good faith determine) that the Operating Expenses charged to Tenant are greater or lesser than the amount previously invoiced to Tenant for the year, then Landlord will grant a credit to Tenant against the Operating Expenses next payable by Tenant or refund to Tenant in cash, or Tenant will pay to Landlord, the amount of such difference within 30 days after determination of the overpayment or underpayment, as applicable. For purposes of the Lease, Tenant's "**proportionate share**" shall be Forty-Eight point Sixty-Seven percent (48.67%), which is equal to the rentable square footage of the Premises (which is conclusively deemed to be 12,348 square feet of rentable area) divided by the total rentable square footage of the Building on the Project (which is conclusively deemed to be 25,372 square feet of rentable area).

(B) Service Contracts. Tenant shall, at Tenant's sole expense, procure and maintain contracts, with copies to Landlord, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) elevators, and (ii) any other equipment, if reasonably required by Landlord. However, Landlord reserves the right, upon notice to Tenant, to procure and maintain any or all of such service contracts, and Tenant shall reimburse Landlord, upon demand, for the cost thereof.

(C) Section 5.4, Maintenance and Repair. **Section 5.4** of the Lease shall be deleted in its entirety and replaced with the following: The costs incurred by Landlord in doing any repair, maintenance or replacements to the Building and other improvements on the Premises will be part of the Operating Expenses payable by Tenant and the other tenant(s) of the Project, pursuant to this Amendment. Operating Expenses include costs for maintenance, repair and replacement (as necessary) from time to time to the Building, improvements and other portions of the Property so that they are maintained in first-class repair, operating condition, working order and appearance, in accordance with applicable requirements of Governmental Authorities and the recorded covenants, conditions and easements (collectively, "**Legal Requirements**").

(D) Section 5.5, Net Lease Payments - Additional Rent. Landlord's budget for the Operating Expenses (the "**Additional Rent**") for the fiscal year 2018 is currently estimated to be $0.13 per square foot per month, which equates to $1,605.42 monthly. Landlord may, if the actual expenses change during the course of the year, choose to adjust the amount impounded in order to more properly reflect the actual expense to be incurred. Landlord currently does not provide any interior maintenance or cleaning, security services, trash removal, or interior pest control within the Operating Expenses, which said services and expenses shall be the responsibility of the Tenant. In addition, the Tenant acknowledges there is only one (1) electrical meter serving the Project and the Premises and the Tenant shall be responsible for allocating the pro-rata share for the cost of said electrical service with the other Tenant(s) in the Project. In the event the Landlord elects to provide such services (at Landlord's reasonable election), the Landlord reserves the right to include the expenses as part of the Additional Rent.

12. Section 6.1, ALTERATIONS. Pursuant to **Section 6.1**, Tenant will obtain Landlord's consent for any exterior changes or any interior changes that may affect the structure or building systems for the Premises if the cost would equal or exceed $25,000 or if a building permit is required under applicable Legal Requirements for the work being done.

12. Section 6.3, SIGNAGE. Section 6.3 of the Lease is modified to require Landlord's consent, not to be unreasonably withheld or delayed, for exterior signage.

13. Section 7, INSURANCE. Pursuant to **Section 7**, Tenant will maintain business interruption insurance, if desired by Tenant, and other insurance coverage sufficient to insure the costs payable during any period in which the Building is not operated for business as a result of a casualty. The limits on the commercial general liability ("**CGL**") insurance in **Section 7.1(a)** may be reasonably adjusted by Landlord during the Lease term to the amount typically maintained by businesses in the same geographic area (the Las Vegas-Henderson greater metropolitan area) and will cover Landlord as an additional insured. Tenant's CGL coverage shall be primary and any insurance maintained by Landlord shall be excess and non-contributing insurance only. The "fire insurance" in **Section 7.1(b)** shall be so-called all risk (or "special form") insurance coverage and the Landlord shall be the named insured for said coverage. All such insurance shall: (i) provide for severability of interest; (ii) provide that an act or omission of one of an additional insured (excluding deliberate or intentional acts that are not covered under a general liability policy) shall not reduce or avoid coverage to any other named or additional insured; and (iii) afford coverage for all claims based on acts, omissions, injury and damage, which claims occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period. The evidence of insurance coverage in **Section 7.2(c)** will include a copy of the insurance policy or a certificate of insurance with enough detail on the insurance as to reasonably satisfy Landlord that Tenant is maintaining the insurance required by this Lease.

15. Section 7.6, WAIVER OF SUBROGATION. For purposes of **Section 7.6** and other provisions of this Lease, each party hereby releases and waives any and all rights to recover from the other party, and its officers, directors, members, trustees, employees, agents and representatives, for loss or damage to any property of the releasing party or any person claiming through the releasing party arising from any loss or damage caused by any risks covered by a standard "special form" property insurance policy, or from any other cause required to be insured against by the releasing party under this Lease, and there shall be no subrogated claim by one party's insurance carrier against the other party arising out of any such loss.

16. Section 9.2, ASSIGNMENT OR SUBLEASE. Except as otherwise permitted under **Section 9.2**, any assignment, sublease or other transfer (directly, indirectly, by operation of law or otherwise) requires Landlord's prior written consent pursuant to the first sentence of **Section 9.2**, which will not be unreasonably withheld or delayed. Tenant will promptly notify Landlord in the event Tenant transfers its interest under this Lease pursuant to the second sentence of **Section 9.2** (a "**Permitted Transfer**"), which will include reasonable information on the name of the assignee and its address for notices under this Lease. Tenant (and any guarantors and co-obligors under this Lease from time to time) will remain primarily liable under this Lease. Landlord will only be required to send notices under this Lease to the holder from time to time of the Tenant's interest under this lease. On Landlord's reasonable request from time to time, Tenant will confirm in writing any assignment or sublease of the Premises.

17. Section 10.2(a), PAYMENT DEFAULTS. For purposes of **Section 10.1(a)**, the time period is modified from 60 days after notice to Tenant to ten (10) days after Tenant's receipt of written notice of nonpayment when due; provided, if Tenant has twice in the prior twelve (12) months received a notice of nonpayment of rent or other financial obligations (whether or not the payment was made in such 20-day period or the default was subsequently cured), Tenant will be in default if Tenant fails to pay, within ten (10) days after the due date (without the necessity for written notice) any Rent or other financial obligations owed by Tenant to Landlord pursuant to this Lease.

18. Section 10.2, LANDLORD'S DEFAULT REMEDIES. In addition to the remedies in **Section 10.2,** Landlord may exercise any right or remedy for default permitted under applicable Nevada law.

19. Section 10.4, TENANT'S TERMINATION RIGHTS. Tenant will not exercise any remedies under **Section 10.4** for a Landlord "Event of Default" unless the required notice has been sent to Landlord and to any mortgagee of Landlord that has requested such notice (a "**Landlord Default Notice**"). The Landlord Default Notice will: (i) be given in the manner provided in this Lease for notices, and (ii) contain reasonable detail concerning the manner in which Landlord is in breach of its obligations hereunder. If a non-emergency default is of such a nature that it cannot be remedied fully within the 60-day period, this requirement shall be satisfied if Landlord (or any mortgagee) begins correction of the default within the 60-day period, and thereafter proceeds with reasonable diligence to effect the remedy as soon as practicable.

Any mortgagee of Landlord that has notified Tenant of its address in the manner provided for notices in this Lease will have the right to cure Landlord's defaults under this section. The cure period for the mortgagee will commence on notice to such mortgagee of the default and extend for a period ending twenty (20) days after the end of the time period for Landlord to cure a default. In this connection, any representative of the mortgagee shall have the right to enter upon the Premises for the purpose of curing Landlord's default.

20. NON-DISTURBANCE AGREEMENT. In connection with any financing by Landlord from time to time, Tenant will sign a subordination, non-disturbance and attornment agreement ("**SNDA**") with Landlord and Landlord's lender.

21. SECURITY DEPOSIT/GUARANTOR. PLANET 13 HOLDINGS, INC., a Canadian corporation, pursuant to the Guaranty attached hereto as **Exhibit B** and made a part hereof ("Guaranty").

22. RECORDATION. This Lease will NOT be recorded by Tenant, unless Landlord has provided its express written consent and executes and notarizes the document to be recorded.

23. Addition to Lease, OTHER PROVISIONS.

(a) Late Payments by Tenant. Any Rent, Additional Rent or other financial obligation of Tenant that is not paid within five (5) days after receipt of written notice of nonpayment when due will be subject to a late charge of five (5) cents per dollar of the overdue payment, to reimburse Landlord for the costs of collecting the overdue payment. Tenant shall pay the late charge upon demand by Landlord. In addition, if any Rent, Additional Rent or other financial obligation of Tenant is not paid to Landlord within ten (10) days after receipt of written notice of nonpayment when due, the amount owed to Landlord will bear interest ("**Default Rate interest**") at the rate of twelve percent (12%) per annum, but not in any event at a rate higher than the maximum rate of interest permitted under applicable law, until paid in full. Landlord may levy and collect a late charge and Default Rate interest in addition to all other remedies available for Tenant's default, and collection of a late charge and Default Rate interest shall not waive the breach caused by the late payment.

(b) Partial or Delinquent Payments. Payment by Tenant or receipt by Landlord of any amount less than the full monthly rental or other charges due from Tenant, or any endorsement or statement on any check or letter accompanying any check or rent payment, shall not in any event be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rental or pursue any other remedy provided in this Lease.

() Additional Rent, No Offsets. All payments required to be paid by Tenant under this Lease, other than monthly base rent, will constitute Additional Rent. All rent (including base Rent and Additional Rent) shall be received by Landlord without set-off, offset, abatement, or deduction of any kind.

(c) Storage, Trash. Tenant shall not store anything outside except in areas which are appropriately screened from view of the public and consistent with current usage. No trash will be outside of the container and Tenant will use only trash and garbage receptacles that are reasonably approved by Landlord. Tenant shall dispose of any materials from Tenant's operations and trash and other matter at Tenant's expense, in a manner that complies with State and local legal governmental requirements.

(d) Reasonable Rules and Regulations. Landlord may make and enforce reasonable rules and regulations consistent with this Lease for the purpose of regulating access, establishing standards and requirements concerning the conduct and operation of business, and promoting safety, order, cleanliness, and good service to the property. Tenant will promptly comply with all such rules and regulations.

(e) Holdover Tenancy. If Tenant remains in possession of the Premises after the expiration or earlier termination of this Lease, Tenant will pay a holdover Rent amount to Landlord in the amount of 150% of the monthly Rent that was payable immediately before the commencement of the holdover period. Landlord may also elect to eject Tenant from the Premises and recover damages caused by wrongful holdover, in accordance with applicable law. If a month-to-month tenancy results from a holdover by Tenant, the tenancy shall be terminable at the end of any monthly period on written notice from Landlord given not less than 10 days prior to the termination date as specified in the notice. Tenant waives any notice which would otherwise be provided by law with respect to month-to-month tenancy.

(g) Tenant's Rights. Tenant hereby represents that it does not currently have any first rights of refusal to purchase the property, other pre-emptive rights to purchase or any other rights not expressly set for herein.

(h) Time of Essence. TIME IS OF THE ESSENCE of the performance of each party's obligations under this Lease.

(i) No Implied Appurtenances. This Lease does not create any implied rights to light and air or any other rights, easements or licenses, by implication or otherwise, except as expressly set forth in this Lease. This Lease is an unsubordinated lease covering the Premises, and any financing by Tenant will encumber only Tenant's leasehold interest. Landlord will not be subordinating the fee title or Landlord's interest to any mortgage or other lien securing any financing by Tenant.

(j) Succession; Limitation on Obligations of Landlord. This Lease shall bind and inure to the benefit of the parties, their respective heirs, successors, and assigns. Any claim against Landlord under this Lease shall be limited to and enforceable only against and to the extent of Landlord's interest in the Premises during the period of Landlord's ownership. No resort may be had to the private property of any member, trustee, director, officer, partner, beneficiary, stockholder, employee, or agent of Landlord.

() Inspection. Landlord or its authorized representatives may enter at any reasonable time after such advance notice as is reasonable under the circumstances (except in cases of emergency, for which no advance notice is required) to determine Tenant's compliance with this Lease, to make necessary repairs, to show the Premises to a prospective party desiring to acquire Landlord's interest, or (during the last six (6) months of the Lease term) to advertise the Premises as available for rent, to have an appropriate sign posted at the Premises and to show the Premises to any prospective tenants.

(k) Attornment. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or trust deed made by Landlord covering the Premises, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease

(l) Estoppel Certificates. Within 10 days after Landlord's written request, Tenant shall deliver a written statement stating the date to which the rent and other charges have been paid, whether the Lease is unmodified and in full force and effect, and any other matters that may reasonably be requested by Landlord.

(m) Financial Information. Tenant and any guarantor of this Lease ("**Guarantor**") will promptly provide to Landlord (on request) copies of tax returns, detailed financial statements and other information reasonably required from time to time, but not more frequently than annually or as may be required by Landlord in connection with any financing or intended sale of the Property by Landlord. Any financial information on Tenant or a Guarantor will be maintained as confidential information, except that it may be given by Landlord to any actual or prospective buyer or mortgagee of Landlord.

(n) Prior Agreements. The Lease (as amended) and this Amendment are the entire, final, and complete agreement of the parties with respect to the matters set forth therein, and supersede and replace all written and oral agreements previously made or existing by and between the parties or their representatives.

(o) Full Force and Effect. Except as expressly modified in this Amendment, the Lease is in full force and effect in accordance with its terms.

[NO MORE TEXT ON THIS PAGE]

IN WITNESS WHEREOF, each of the undersigned has caused this instrument to be duly executed and delivered by authorized person(s) as of the date first set forth above.

LANDLORD:

FARGO DISTRICT HOLDINGS, LLC,
a Nevada limited liability company

By /s/ Larry Scheffler

Name (printed): Larry Scheffler

Its: Manager

TENANT:

MM DEVELOPMENT COMPANY, INC.
a Nevada corporation

By /s/ Robert A. Groesbeck

Name (printed): Robert A. Groesbeck

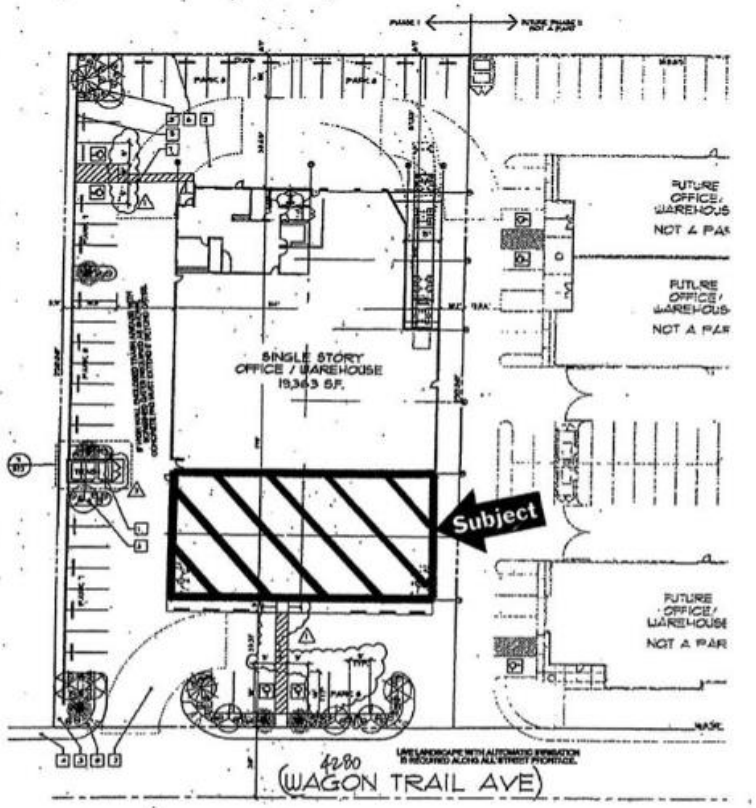
Its: President

By /s/ Leighton Koehler

Name (printed): Leighton Koehler

Its: Secretary

EXHIBIT A
4280 WAGON TRAIL AVE
SUITE B



INITIAL

Exhibit 10.3

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made this 17th of July, 2020 by and between Rx Land, LLC , a Nevada limited liability company (hereinafter called "Landlord"), and West Coast Development Nevada, LLC a Nevada limited liability company. (hereinafter called "Tenant').

WITNESSETH:

SECTION I
PARTIES

1.1 Landlord. Landlord warrants that it owns the Premises and has full right and power to execute and deliver this Lease without the consent or agreement of any other person, and those persons executing this Lease on behalf of Landlord have the right and power to execute and deliver this Lease.

1.2 Tenant. Tenant warrants that Tenant has full right and power to execute and deliver this Lease without the consent or agreement of any other person and that those persons who have executed and delivered this Lease have the authority and power to execute this lease on Tenant's behalf and deliver this Lease to Landlord.

SECTION 2
PREMISES

2.1 Description. The Premises herein leased (hereinafter called the "Premises") are legally described in Exhibit "A" attached hereto and made a part hereof. The Premises also include the building(s) and improvements on the land described in Exhibit "A". Landlord also grants to Tenant, its customers, guests, invitees employees, and licensees all easements, rights and privileges appurtenant thereto, including the right to use the parking areas, driveways, roads, alleys and means of ingress and egress. The Premises are located at 4801 West Bell Drive, Las Vegas, Nevada and also identified as APN: 162-30-104-003 and 162-30-104-005.

2.2 Quiet Enjoyment. Landlord agrees to warrant and defend Tenant in the quiet enjoyment and possession of the Premises during the term of this Lease so long as Tenant complies with the provisions hereof.

SECTION 3
TERM: OPTION TO EXTEND

3.1 Lease Commencement Date. The term of this Lease shall commence on the date referenced above (the "Lease Commencement Date"), with rent payments to commence upon July 16, 2020 and shall terminate on June 30, 2030, (the "Lease Termination Date"), which is the last day of the month preceding the tenth (10th) anniversary day of the Lease Commencement Date unless extended by Tenant in accordance with any extension option contained in this Lease or any rider thereto or unless terminated in accordance with the provisions hereof.

3.2 Extension Terms. Tenant shall have the right to extend the term of this Lease for two (2) additional terms of five (5) years each (the "Extension Terms") in its sole discretion upon delivering written notice to the Landlord of its intent to exercise this option to extend not less than twelve (12) months before the expiration date of the initial term or of any previously exercised Extension Term of this Lease. If Tenant exercises any of the Extension Terms in the manner provided for in this paragraph, then the Lease shall terminate five (5) years after the Lease Termination Date or the end of the previously exercised Extension Term unless a subsequent Extension Term is exercised, and all provisions of this Lease shall be applicable to the Extension Terms.

3.3 Prorations. If any payments, rights or obligations hereunder (whether relating to payment of rent, taxes, insurance, other impositions, or to any other provision of this Lease) relate to a period in part before the Lease Commencement Date or in part after the date of expiration or termination of the term, appropriate adjustments and prorations shall be made.

3.4 Surrender at End of Term. Upon the last day of the Lease term or upon the earlier termination of this Lease pursuant to the provisions hereof and irrespective of when and how such termination occurs, Tenant shall surrender and deliver to Landlord the Premises and all buildings and improvements thereon other than Tenant's Property, without delay, broom clean and in good order, condition and repair, reasonable wear and tear and damage due to casualty excepted, whereupon Tenant shall have no further right, title or interest in and to said Premises. Any trade fixtures, business equipment, inventory, trademarked items, signs and other removable personal property located or installed in or on the Premises ("Tenant's Property") shall be removed by Tenant on or before the last day of the Lease term or upon the earlier termination of this Lease pursuant to the provisions hereof, and Tenant shall repair any damage occasioned by the removal of Tenant's Property.

SECTION 4
RENT

4.1 Rent. Commencing on the date ("Rent Commencement Date") which is July 16, 2020, Tenant covenants and agrees to pay to Landlord in lawful money of the United States of America, during each Lease year, an annual rental of Seven Hundred Forty Seven Thousand Seven Hundred Fifteen Dollars & 20/100ths Dollars ($795,096.00) (the "Rent"). The Rent shall be payable in equal monthly installments of Sixty Two Thousand Three Hundred Nine and 60/100 ($62,309.60) each, in advance on or before the first day of each and every calendar month of the term of this Lease. The Rent shall be paid in addition to and over and above all other payments to be made by Tenant herein. The first Lease year shall be a full year commencing on the Lease Commencement Date and each following Lease year shall be an annual period commencing on the anniversary date of the Lease Commencement Date. Appropriate proration shall be made if the Lease Commencement Date is not on the first day of a calendar month, or if the date of termination of the Lease is not on the last day of a calendar month.

4.2 Rental Adjustments. The Rent shall be adjusted on the first day of the thirteent (13th) month following the calendar month in which the Rent Commencement Date occurs (the "Anniversary Dale") and on the first day of each and every Anniversary Date thereafter for the term of the Lease, plus any option periods, in accordance with the Consumer Price Index for All Urban Consumers (the "CPI-U") as published by the Bureau of Labor Statistics, Washington, D.C. On the First Anniversary Date thereafter, the Rent shall be adjusted to equal the Current Rent then payable, plus the increased amount in accordance with the CPI-U adjustment for the preceding year. In no case, however, shall the Rent be decreased by any decrease in the CPI-U. Following each Anniversary Date, the adjusted Rent shall be due and payable for each and every month of the adjustment period commencing with the respective Anniversary Date.h

4.3 Taxes.

(a) Tenant shall be responsible for the payment of all real property taxes and assessments ("Real Estate Taxes") levied against the Premises by any governmental or quasi-governmental authority, which are due and payable during the Term hereof, except as set forth herein. Real Estate Taxes shall include any taxes, assessments, surcharges, or service or other fees of a nature not presently in effect which shall hereinafter be levied on the Premises as a result of the use, ownership, or operation of the Premises or for any other reason, whether in lieu of or in addition to any current real estate taxes and assessments. Any special assessments will be amortized over the maximum period allowed by law or applicable tax rules, whichever is longer, and Real Estate Taxes will include only the prorated and amortized amount, which becomes due during the Term hereof. Real Estate Taxes shall exclude any income, excess profits, single business, inheritance, succession, transfer, franchise, capital, or other tax assessments upon Landlord or Landlord's interest in the Premises. If any special assessment for a public improvement is assessed against the Premises, Tenant shall be responsible for only that portion of the assessment allocable to the Tenant based on the length of time that a benefit is derived by the Tenant during the Term of the Lease calculated against the useful life of the improvement.

(b) Tenant shall remit all payments for Real Estate Taxes directly to the taxing or assessing authority. Upon receipt of all tax bills and assessment bills attributed to any calendar year during the Term hereof, Landlord shall furnish Tenant with a copy of the tax bill or assessment bill, so as to allow Tenant to take advantage of the maximum payment discount available, if Tenant so desires.

(c) Tenant will have the right to contest the amount or validity, in whole or in part, of any tax that Tenant is required to pay, in whole or in part, by appropriate proceedings diligently conducted in good faith, only after paying such tax or posting such security that Landlord reasonably requires in order to protect the Premises against loss or forfeiture. Upon the conclusion of any such protest proceedings, Tenant will pay its share of the tax, as finally determined, in accordance with this Lease, the payment of which tax may have been deferred during the prosecution of the proceedings, together with any costs, fees, interest, penalties, or other related liabilities. Landlord will not be required to join in any contest or proceedings unless the provisions of any law or regulations then in effect require that the proceedings be brought by or in the name of Landlord. In that event, Landlord will join in the proceedings or permit them to be brought in its name; however, Landlord will not be subjected to any liability for the payment of any costs or expenses in connection with any contest or proceedings, and Tenant will indemnify Landlord against and save Landlord harmless from any costs and expenses in this regard.

4.4 Services and Utilities. Tenant shall be solely responsible for providing all services and utilities to the Premises, including, but not limited to: gas, telephone, heating, air conditioning, electrical, waste disposal, water, janitorial, lighting or other services, together with any taxes or penalties thereon. In the event of any interruption, reduction or discontinuance of services (either temporarily or permanently), Landlord shall not be liable for damages to persons or property as a result thereof, nor shall the occurrence of any such event in any way be construed as an eviction of Tenant. If an interruption of services which materially affects Tenant's use and enjoyment of the Premises continues for more than thirty (30) consecutive calendar days, and such interruption is not due to an act or omission of Tenant, Tenant shall have the right to terminate this Lease upon written notice to Landlord, and shall surrender the Premises to Landlord.

SECTION 5
USE: COMPLIANCE WITH LAWS: MAINTENANCE AND REPAIRS

5.1 Use of Premises. Tenant shall have the right to use the Premises for any lawful purpose, including the cultivation and processing of marijuana and marijuana-based products, as provided for in pertinent regulations associated with medical marijuana establishments. Tenant shall not commit waste on the Premises and shall not use the Premises for any unlawful or improper purpose or in violation of any certificate of occupancy or for any purpose which may constitute a nuisance, public or private, nor suffer any dangerous article to be brought on the Premises unless safeguarded as required by law.

5.2 Compliance with Laws. Tenant shall reasonably, promptly, and effectively comply with all applicable and lawful statutes, regulations, rules, ordinances, orders, and requirements of any public official or agency having jurisdiction in respect of the Premises and Tenant's specific use thereof (herein referred to as "Governmental Authorities"). Landlord shall promptly give notice to Tenant of any written notice in respect of the Premises from Governmental Authorities. Tenant may, in good faith, dispute the validity of any complaint or action taken pursuant to or under color of any of the foregoing, defend against the same, and in good faith diligently conduct any necessary proceedings to prevent and avoid any adverse consequence of the same. Tenant agrees that any such contest shall be prosecuted to a final conclusion as speedily as possible, and Tenant will indemnify and hold Landlord completely harmless with respect to any actions taken by any Governmental Authorities with respect thereto.

5.3 Maintenance and Repairs by Tenant. Tenant shall, at Tenant's sole expense, promptly and throughout the Term, maintain, repair, and replace the Premises, including but not limited to the roof, parking lot and HVAC system, in a good and clean condition comparable to other similar commercial buildings in the Las Vegas, Nevada metropolitan area, and in compliance with all applicable laws, and will suffer no active, passive or permissive waste or injury thereof or thereto. Tenant shall give Landlord prompt notice of any specific needed repairs, replacements or maintenance which will (1) affect the exterior walls, exterior doors, windows of the building, the structural parts of the building, the roof of the building, or the parking areas, or (2) exceed Ten Thousand and 00/100 Dollars ($10,000.00) (collectively **"Material Repairs"**). Tenant shall provide Landlord copies of plans and specifications for such Material Repairs, as required by Landlord. Landlord shall then have twenty (20) days after receipt of such plans and specifications to approve or reject the same by delivering written notice to Tenant. If Landlord fails to respond within such twenty-day period, Landlord shall be deemed to have approved such plans and specifications. All Material Repairs to the Premises shall be performed by Tenant using contractors or mechanics approved by Landlord in accordance with plans and specifications approved by Landlord, and shall be at Tenant's sole expense and at such times and in such manner as Landlord may approve. Any mechanics' or materialmen's lien for which Landlord has received a notice of intent to file or which has been filed against the Premises arising out of work done for, or materials furnished to Tenant, shall be discharged, bonded over, or otherwise satisfied by Tenant within ten (10) days following the earlier of the date Landlord receives (1) notice of intent to file a lien or (2) notice that the lien has been filed. If Tenant fails to discharge, bond over, or otherwise satisfy any such lien, Landlord may do so at Tenant's expense, and the amount expended by Landlord, including reasonable attorney's fees and costs, shall be due and payable immediately with interest thereon at the Interest Rate from the date of the payment by Landlord until Landlord receives payment from Tenant. If Tenant fails to comply with its maintenance, repair, or replacement obligations in this Section 5.3, Landlord may, in its sole discretion and in addition to any other remedies provided herein, perform said maintenance, repair, or replacement. Any sums so paid by Landlord, together with reasonable attorney's fees and costs, shall be deemed to be additional Rent owing by Tenant to Landlord and shall be due and payable immediately with interest thereon at ten percent (10%) per annum from the date of the payment by Landlord until Landlord receives payment from Tenant.

SECTION 6
ALTERATIONS: LIENS: SIGNAGE

6.1 Alterations. Tenant shall not make any structural alterations in the Premises without Landlord's prior written consent, not to be unreasonably withheld or delayed. Tenant shall have the right to make interior, non-structural alterations, and structural alterations under $25,000.00, without Landlord's consent.

6.2 Liens. All persons are put on notice of the fact that Tenant under no circumstances shall have the power to subject the interest of Landlord in the Premises to any mechanic's or materialman's lien, or liens of any kind. All persons who hereafter, during the life of this Lease, may furnish work, services, or materials to the Premises upon the request or order of Tenant or any person claiming under, by or through Tenant, must look wholly to the interest of Tenant and not to that of Landlord. Tenant covenants and agrees with Landlord that Tenant will not permit or suffer to be filed or claimed against the interest of Landlord in the Premises during the continuance of this Lease any lien or liens of any kind by any person claiming under, by, through, or against Tenant; and if any such lien is claimed or filed, it shall be the duty of Tenant, within sixty (60) days after the claim of lien or suit claiming a lien has been filed, to cause the Premises to be released from such claim, either through payment or through bonding with corporate surety or through the deposit into court, pursuant to statute, of the necessary sums of money, or in any other way that will affect the release of Landlord's interest in the Premises from such claim.

6.3 Signage. Notwithstanding anything to the contrary set forth in this Lease, Tenant shall have the absolute right to install, at its sole cost, such signage on the Premises as Tenant may deem necessary or appropriate, subject to appropriate governmental approvals. Landlord agrees to fully cooperate with Tenant in filing any required signage application, permit, and/or variance for said signage or with respect to the Premises generally.

SECTION 7
INSURANCE

7.1 Types of Insurance. Tenant shall, at its own cost and expense, carry the following insurance in respect to the Premises and improvements:

(a) Comprehensive public liability insurance in an amount of not less than $2,000,000.00 combined bodily injury and property damage liability; and

(b) With respect to improvements (if any), insurance against loss or damage by fire and other risks covered by fire insurance with extended coverage endorsements in an amount of the full insurable replacement value of such improvements (exclusive of cost of excavation, foundation, and footings below the ground floor and without deduction for depreciation) and in amounts sufficient to prevent Landlord or Tenant from becoming a co- insurer under such policies of insurance.

7.2 Provisions Applicable to All Insurance. With respect to all insurance required to be maintained hereunder by Tenant:

(a) Each such policy shall name Landlord, Tenant, and any mortgagee as insured as their interests appear and shall contain a Standard Mortgagee Clause reasonably satisfactory to Landlord;

(b) Tenant shall, at Tenant's sole cost and expense, observe and comply with all policies of insurance in force with respect to the Premises and improvements; and

(c) Upon Landlord's request, Tenant shall send to Landlord certificates of insurance or receipts or other evidence satisfactory to Landlord showing the payments of all premiums and other charges due thereon.

7.3 Landlord's Right to Obtain Insurance. If Tenant shall fail to maintain any such insurance required hereunder, Landlord may, at Landlord's election, after ten (10) days' written notice to Tenant, procure the same, adding the premium cost to the monthly installment of rental next due, it being hereby expressly covenanted and agreed that payment by Landlord of any such premium shall not be deemed to waive or release the obligation of Tenant to make payment thereof. Tenant's failure to either procure or maintain the insurance required hereunder, after thirty (30) days' written notice from Landlord to Tenant, shall constitute a default by Tenant under this Lease.

7.4 Use of Insurance Proceeds. Any insurance proceeds recovered by reason of damage to or destruction of the Premises or improvements thereto, improvements shall be made available to Landlord in accordance with Section 7.5 below, with any excess proceeds made available to Tenant.

7.5 Damage or Destruction. If the Premises (including improvements) are damaged to the extent of 50% or more of its insurable value, Landlord may, in its sole discretion, elect (a) to repair or restore the Premises improvements, (b) to construct new Premises and improvements, or to terminate this Lease without liability to either party. If Landlord elects to repair or restore the Premises and improvements or construct new Premises or improvements, it shall do so promptly and Tenant shall receive an abatement of rent in proportion to the extent of the damage until such time as the repair, restoration or reconstruction is completed, but in no event shall Landlord's repair, restoration or reconstruction take, nor shall the rent abatement period exceed, one hundred eighty (180) days. If Landlord elects to terminate this Lease, Landlord shall so notify Tenant within thirty (30) days after the damage occurs, whereupon Landlord shall be entitled to all proceeds of insurance and right of recovery against insurers covering such damage.

7.6 Subrogation. Landlord and Tenant shall each obtain from their respective insurers under all policies of fire, theft, public liability, workers' compensation and other insurance maintained by either of them at any time during the term hereof insuring or covering the Premises, a waiver of all rights of subrogation which the insurer of the party might otherwise have, if at all, against the other party.

SECTION 8
EMINENT
DOMAIN

If any portion of the Premises which materially affects Tenant's ability to continue to use the remainder thereof for the purposes set forth herein, or which renders the Premises untenantable, is taken by right of eminent domain or by condemnation, or is conveyed in lieu of any such taking, then this Lease may be terminated at the option of either Party. Such option shall be exercised by giving notice to the other Party of such termination within 30 days after such taking or conveyance; whereupon this Lease shall forthwith terminate and the Rent shall be duly apportioned as of the date of such taking or conveyance. Upon such termination, Tenant shall surrender to Landlord the Premises and all of Tenant's interest therein under this Lease, and Landlord may re-enter and take possession of the Premises or remove Tenant therefrom. If any portion of the Premises is taken which does not materially affect Tenant's right to use the remainder of the Premises for the purposes set forth herein, this Lease shall continue in full force and effect, and Landlord shall promptly perform any repair or restoration work required to restore the Premises, insofar as possible, to its former condition, and the rental owing hereunder shall be adjusted, if necessary, in such just manner and proportion as the part so taken (and its effect on Tenant's ability to use the remainder of the Premises) bears to the whole. In the event of taking or conveyance as described herein, Landlord shall receive the award or consideration for the lands and improvements so taken; provided, however, that Landlord shall have no interest in any award made for Tenant's loss of business or value of its leasehold interest or for the taking of Tenant's fixtures or property, or for Tenant's relocation expenses. Landlord and Tenant shall cooperate with one another in making claims for condemnation awards.

SECTION 9
ASSIGNMENT AND SUBLETTING: ATTORNMENT: TENANT
FINANCING; SUBORDINATION

9.1 Assignment by Landlord. At any time, Landlord may sell its interest in the Premises or assign this Lease or Landlord's reversion hereunder, either absolutely or as security for a loan, without the necessity of obtaining Tenant's consent or permission, but any such sale or assignment shall be at all times subject to this Lease and the rights of Tenant hereunder.

9.2 Assignment and Subletting by Tenant. Tenant shall have the right to assign, sublet, or otherwise transfer this Lease only to Planet 13 Holdings, Inc. or its affiliates or subsidiaries.

9.3 Attornment. Any assignee of Landlord or Tenant hereby agrees to attorn to the Tenant or Landlord, respectively, as the case may be.

9.4 Tenant Financing. Tenant shall have the absolute right from time to time during the Term hereof to grant and assign a mortgage or other security interest in Tenant's interest in this Lease with the prior written consent of the Landlord, not to be unreasonably withheld, and without Landlord's further approval, written or otherwise, all of Tenant's property located on or used in connection with the Premises to Tenant's lenders in connection with Tenant's financing arrangements. Landlord agrees to execute such confirmation certificates and other documents (except amendments to this Lease unless Landlord hereafter consents) as Tenant's lenders may reasonably request in connection with any such financing.

9.5 Subordination. This Lease shall be subordinate to the lien or security title of any mortgage or security deed or the lien resulting from any other method of financing or refinancing now or hereafter in force against the Premises, any portion thereof, or upon any buildings now or hereafter placed upon the land of which the Premises are a part, and to any and all advances to be made under such financing instruments, and all renewals, modifications, extensions, consolidations and replacements thereof. The aforesaid provisions shall be self-operative and no further instrument of subordination shall be required to evidence such subordination. Tenant covenants and agrees to execute and deliver, upon demand, such further instrument or instruments subordinating this Lease on the foregoing basis to the lien of any such mortgage or mortgages as shall be desired by Landlord and any mortgagees or proposed mortgagees, and hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute and deliver such instrument or instruments within five (5) days after written notice to do so.

SECTION 10
DEFAULT AND REMEDIES

10.1 Events of Default. If:

(a) Tenant shall default in the due and punctual payment of the Rent, insurance premiums or impositions of any other amounts or rents due under this Lease or any part thereof, and such default shall continue for sixty (60) days after notice thereof in writing to Tenant; or

(b) Tenant shall default in the performance or in compliance with any of the other covenants, agreements, or conditions contained in this Lease and such default shall not be cured within sixty (60) days after notice thereof in writing from Landlord to Tenant; or

(c) Tenant shall file a petition for voluntary bankruptcy or under Chapter VII or XI of the Federal Bankruptcy Act or any similar law, state or federal, whether now or hereafter existing, or an answer admitting insolvency or inability to pay its debts, or fail to obtain a vacation or lift of stay of involuntary proceedings within ninety (90) days after the involuntary petition is filed; or

(d) Tenant shall be adjudicated a bankrupt, or a trustee or receiver shall be appointed for Tenant or for all of its property or the major part thereof in any involuntary proceedings, or any court shall have taken jurisdiction of the property of Tenant or the majority part thereof in any involuntary proceeding for reorganization, dissolution, liquidation, or winding up of Tenant, and such trustee or receiver shall not be discharged or such jurisdiction relinquished or vacated or stayed on appeal or otherwise within ninety (90) days; or

(e) Tenant shall make an assignment for the benefit of its creditors; then and in any such event referred to in clauses (a), (b), (c), (d) or (e) above, Landlord shall have the remedies with respect to the Premises as set forth below.

10.2 Landlord's Remedies Upon Default. Upon the occurrence of an Event of Default by Tenant, then Landlord shall be entitled to the following remedies:

(a) Landlord may terminate this Lease by giving written notice of termination to Tenant, in which event Tenant shall immediately surrender the Premises to Landlord. If Tenant fails to so surrender the Premises, then Landlord may, without prejudice to any other remedy it has for possession of the Premises or arrearages in rent or other damages, re-enter and take possession of the Premises and expel or remove Tenant and any other person occupying the Premises or any part thereof, in accordance with applicable law; or

(b) Landlord may re-enter and take possession of the Premises without terminating the Lease in accordance with applicable law, and relet the Premises and apply the Rent received to the account of Tenant. In the event Landlord so re-enters and takes possession of the Premises as set forth above, Landlord agrees to use reasonable efforts to relet the Premises for a commercially reasonable rate at the lime of such reletting. No reletting by Landlord is considered to be for Landlord's own account unless Landlord has notified Tenant in writing that this Lease has been terminated. In addition, no such reletting is to be considered an acceptance of Tenant's surrender of the Premises or a release of Tenant's obligation to pay Rent and all other charges payable hereunder (which obligation Tenant agrees shall continue), unless Landlord so notifies Tenant in writing.

(c) Landlord shall have the right to accelerate the Rent and other amounts payable hereunder should Tenant become more than two (2) months delinquent in the payment of Rent or such other amounts payable, after the expiration of notice and all cure periods hereunder. Landlord shall have the right to sue Tenant for any consequential, punitive or incidental damages including, without limitation, any claims for lost profits and/or lost business opportunity. If Landlord does accelerate the Rent or such other charges due hereunder, then the accelerated rent shall be an amount equal to the Rent payable over the balance of the Lease Term (as if this Lease had not been terminated) less the fair rental value of the Premises for the corresponding period. The accelerated rent shall be discounted to the date payable at an annual interest rate equal to the prime rate as published from time to time in the Money Section of the Wall Street Journal, or if the same is not published, then at the prime rate published by Bank of America in Nevada. Upon payment of the accelerated rent discounted to present value, Tenant shall be released from all further liability under this Lease.

10.3 Mitigation of Damages. In the event that a right of action by Landlord against Tenant arises under this Lease, Landlord shall attempt to mitigate damages by using its best efforts to seek to relet the Premises.

10.4 Landlord's Default. The failure of: (i) Landlord to perform any covenant, condition, agreement, or provision contained herein within sixty (60) days after receipt by Landlord of written notice of such failure; or (ii) any default, after giving effect to any notice and cure provision, by Landlord as borrower under that certain Note Secured by Dee of Trust executed simultaneously herewith shall constitute an "Event of Default" hereunder. Upon the occurrence and continuance of an Event of Default, Tenant may, at its option and without any obligation to do so, other than those obligations created in this document, elect any one or both of the following remedies:

(a) Terminate and cancel this Lease; or

(b) Pursue any other remedy now or hereafter available at law or in equity in the state in which the Premises are situated.

SECTION 11
OTHER PROVISIONS

11.1 Remedies to Be Cumulative. No remedy conferred upon or reserved to Landlord or Tenant shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at common law or by statute. Every power and remedy given Landlord or Tenant may be exercised from time to time and as often as occasion may arise or may be deemed expedient.

11.2 Notices. All notices, requests, demands, or other communications which may be or are required or permitted to be served or given hereunder (in this Article collectively called "Notices") shall be in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight delivery service to Tenant or to Landlord at the address set forth below. Either party may, by Notice given as aforesaid, change its address for all subsequent Notices. Notices shall be deemed given when received in accordance herewith.

If to Landlord:	Rx Land, LLC 4265 W. Sunset Road Las Vegas, NV 89118
If to Tenant:	West Coast Development Nevada LLC c/o A. Todd Justice 8845 Road Oak Blvd. Charlotte, NC 28217
With a copy to:	MM Development Company, LLC 2548 West Desert Inn Road Las Vegas, Nevada 89109 Attn: Leighton Koehler

11.3 No Broker. Landlord and Tenant each warrant to the other that no broker or agent has been employed with respect to this Lease and each agrees to indemnify and hold the other harmless from any claims by any broker or agent claiming compensation in respect of this Lease alleging an agreement by Landlord or Tenant, as the case may be.

11.4. Waiver of Jury Trial. Landlord and Tenant waive trial by jury in any action or proceeding brought by either of the parties hereto against the other or on any counterclaim in respect thereof on any matters whatsoever arising out of or in any way connected with the Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises and/or any claim of injury or damage under this Lease.

11.5 No Partnership. Landlord shall not be construed or held to be a partner or associate of Tenant in the conduct of Tenant's business, it being expressly understood and agreed that the relationship between the parties hereto is and shall at all times remain, during the Lease term, that of Landlord and Tenant.

11.6 Non -Waiver. No failure by Landlord or Tenant to insist upon the performance of any covenant, agreement, provision, or condition of this Lease or to exercise any right or remedy, consequent upon a default hereunder, and no acceptance of full or partial rent during the continuance of any such default, shall constitute a waiver of any such default or of such covenant, agreement, provision, or condition. No waiver of any default shall affect or alter this Lease, but each and every covenant, agreement, provision, and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent default hereunder.

11.7 Gender and Number. Words of any gender used in this Lease shall be held to include another gender and words in the singular number shall be held to include the plural and words in the plural shall be held to include the singular, when the sense requires.

11.8 Captions. The captions, titles, article, section, or paragraph headings are inserted only for convenience and they are in no way to be construed as a part of this Lease or as a limitation on the scope of the particular provisions to which they refer.

11.9 Governing Law. This Lease is made pursuant to, and shall be governed by, and construed in accordance with, the laws of the State of Nevada.

11.10 Successors and Assigns. The covenants, conditions, and agreements in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise provided in this Lease, their respective heirs, devisees, executors, administrators, legal representatives, distributees, successors, and assigns.

11.11 Amendment. Any agreement hereafter made shall be ineffective to change, modify, or discharge this Lease in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of the change, modification, or discharge is sought.

11.12 Hazardous Materials. Tenant shall not do anything throughout the term of this Lease and any extension thereof that will violate any Environmental Laws (defined below). Tenant shall indemnify, defend, and hold harmless Landlord, its directors, officers, employees, agents, and assignees or successors to Landlord's interest in the Premises, their directors, officers, employees, and agents from and against any and all losses, claims, suits, damages, judgments, penalties, and liability including, without limitation, (i) all out-of-pocket litigation costs and reasonable attorneys' fees, (ii) all damages (including consequential damages), directly or indirectly arising out of the use, generation, storage, release or threatened release or disposal of Hazardous Materials by Tenant, its agents and contractors, and (iii) the cost of and the obligation to perform any required or necessary repair, clean-up, investigation, removal, remediation or abatement, and the preparation of any closure or other required plans, to the full extent that such actions is attributable, directly or indirectly, to the use, generation, storage, release, or threatened release or disposal of Hazardous Materials by Tenant, its agents, and contractors. This indemnification obligation of Tenant does not extend to any repair, clean-up, investigation, removal, remediation, or abatement of Hazardous Materials (i) which were present on, under, or in the Premises before or on the Lease Commencement Date or (ii) for which Landlord is otherwise obligated to indemnify Tenant pursuant to this Paragraph 11.13.

For the purpose of this Paragraph 11.13, Hazardous Materials shall include but not be limited to substances defined as "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, **et.seq.**\ the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 **et. seq.**\ the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, **et.seq.**\ the common law; and any and all state, local, or federal laws, rules, regulations, and orders pertaining to environmental, public health, or welfare matters, as the same may be amended or supplemented from time to time (collectively, the "Environmental Laws"). Any terms mentioned in this Lease which are defined in any applicable Environmental Laws shall have the meanings ascribed to such terms in such laws, provided, however, that i f any such laws are amended so as to broaden any term defined therein, such broader meaning shall apply subsequent to the effective date of such amendment.

In the event any clean-up, investigation, removal, remediation, abatement, or other similar action on, in, or under the Premises is required by an governmental or quasi-governmental agency as a result of the actions or omissions of any party other than Tenant or its agents, contractors or invitees before or after the Lease Commencement Date and such action requires that Tenant be closed for business for greater than a 24-hour period, or if access to the Premises as a result of such action is materially adversely affected for a period in excess of 24 hours, then Tenant's rental and other payment obligations under this Lease shall be abated entirely during the period beyond the 24 hours that Tenant is required to be closed for business or abated in proportion to the amount of lost business suffered by Tenant if access to the Premises is impaired. The provisions of this Paragraph 11.13 shall survive the expiration or sooner termination of this Lease.

11.13 Attorney's Fees. In the event that at any time during the Term of this Lease either Landlord or Tenant shall institute any action or proceeding against the other relating to the provisions of this Lease, or any default hereunder, the unsuccessful party in such action or proceeding agrees to reimburse the successful party for the reasonable expenses of attorney's fees and paralegal fees and disbursements incurred therein by the successful party. Such reimbursement shall include all legal expenses incurred in arbitration, prior to trial, at trial, and at all levels of appeal and post judgment proceedings.

11.14 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original but all of which shall constitute one and the same instrument. A telecopy signature of any party shall be considered to have the same binding legal effect as an original signature.

11.15 Severability. In the event that any term, section, subsection, paragraph, sentence, or clause of this Lease is held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Lease.

11.16 Lease Recordation. No recordation of this Lease nor a Memorandum of Lease permitted at any time.

11.17 Time. All terms are expressly deemed material to this Lease and time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties hereto.

11.18 Financial Reporting. Upon Landlord's request, Tenant will furnish or cause to be furnished the following materials to Landlord; provided, however, that Landlord shall keep confidential such items furnished by Tenant to the extent they are not generally available to the public or Landlord is not required by Applicable Laws to make disclosure of them:

(i) Within one hundred twenty (120) days after the end of each fiscal year of Tenant, (A) the annual income statement and balance sheet for Tenant for such fiscal year, including all supporting schedules and comments, audited by a certified public accounting firm, (B) a statement of revenues and expenses of the Premises for such fiscal year in detail reasonably satisfactory to Landlord, and (C) the annual debt schedule for Tenant for such fiscal year;

(ii) Within forty-five (45) days after the end of each calendar quarter, the following materials with respect to Tenant: a detailed balance sheet, profit and loss statement, cash flow statement and census data by payor type for such quarter in a form acceptable to Landlord (including trailing twelve (12) month trends for each).

(iii) Within forty-five (45) days after the end of each calendar quarter, the following materials with respect to the Premises: a profit and loss statement, cash flow statement and census data by payor type for such quarter in a form acceptable to Landlord (including trailing twelve (12) month trends for each); and with reasonable promptness, such other information respecting the financial condition and affairs of Tenant as Landlord may reasonably request from time to time.

IN WITNESS WHEREOF, on the date and year first above written, Landlord and Tenant have duly executed this Lease under seal as their free act and deed.

Landlord

Rx Land, LLC,
a Nevada limited liability company

By: /s/ Larry Scheffler
Its: Manager

Tenant

West Coast Development Nevada, LLC

By: /s/ Raymond Scott Coffman
Its: Manager

Exhibit “A”

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF CLARK, STATE OF NEVADA , AND IS DESCRIBED AS FOLLOWS:

PARCEL I: (APN 162-30-104-003)

THE NORTHWEST QUARTER (NW 1/4) OF THE SOUTHEAST QUARTER (SE 1/4) OF THE NORTHWEST QUARTER (NW 1/4) OF THE NORTHWEST QUARTER (NW 1/4) OF SECTION 30, TOWNSHIP 21 SOUTH, RANGE 61 EAST, M.D.M.

EXCEPTING THEREFROM THE NORTH 30 FEET (30.00¹) AS CONVEYED TO CLARK COUNTY BY THAT CERTAIN GRANT, BARGAIN, SALE DEED RECORDED MAY 9, 1985 AS DOCUMENT NO. 2066726 IN BOOK 2107 OF OFFICIAL RECORDS, CLARK COUNTY, NEVADA.

FURTHER EXCEPTING THEREFROM A PORTION OF THE NORTHWEST QUARTER (NW 1/ 4) OF THE NORTHWEST QUARTER (NW 1/4) OF SECTION 30, TOWNSHIP 21 SOUTH, RANGE 61 EAST, M.D.M., CLARK COUNTY, NEVADA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SECTION 30, TOWNSHIP 21 SOUTH, RANGE 61 EAST,

M.D.M., CLARK COUNTY, NEVADA;

THENCE SOUTH 00°1122" EAST A DISTANCE OF 661.78 FEET TO A POINT;
THENCE NORTH 89°58¹16" EAST A DISTANCE OF 509.89 FEET TO A POINT;
THENCE SOUTH 00°15¹13" EAST A DISTANCE OF 30.00 FEET TO THE TRUE POINT OF BEGINNING;
THENCE CONTINUING SOUTH 00°15¹13" EAST A DISTANCE OF 211.81 FEET TO A POINT;
THENCE NORTH 00⁰00¹13" EAST A DISTANCE OF 211.81 FEET TO A POINT;
THENCE SOUTH 89°58¹16" WEST A DISTANCE OF 0.95 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL II: (APN 162-30-104-005)

A PORTION OF THE NORTHWEST QUARTER (NW 1/4) OF THE NORTHWEST QUARTER (NW 1/4) OF SECTION 30, TOWNSHIP 21 SOUTH, RANGE 61 EAST, M.D.M., CLARK COUNTY, NEVADA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SECTION 30, TOWNSHIP 21 SOUTH, RANGE 61 EAST, M.D.M. CLARK COUNTY, NEVADA; THENCE SOUTH 00°1122" EAST A DISTANCE OF 661.78 FEET TO A POINT; THENCE NORTH 89°58'16" EAST A DISTANCE OF 509.89 FEET TO A POINT; THENCE SOUTH 00°1513¹¹ EAST A DISTANCE OF 241.81 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 89°5824" WEST A DISTANCE OF 0.40 FEET TO A POINT; THENCE SOUTH 00°00'13" EAST 89.10 FEET TO A POINT; THENCE NORTH 89°5824" EAST 0.40 FEET TO A POINT; THENCE NORTH 00°00¹13" EAST A DISTANCE OF 89.10 FEET TO THE TRUE POINT OF BEGINNING.

ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT ("Agreement") is made and entered into this 11/25/2020 (the "Assignment Effective Date"), by and between West Coast Development Nevada, LLC, a Nevada limited liability company ("Assignor") and MM Development Company, Inc. a Nevada domestic corporation ("Assignee") and RX Land, LLC, a Nevada limited liability company ("Landlord").

RECITALS

WHEREAS, Assignor entered into an Asset Purchase Agreement on July 17, 2020 with Assignee, (the "APA") whereby Assignor agreed to sell certain assets and licenses to Assignee;

WHEREAS, Assignor entered into a lease with Landlord on or around July 17, 2020 for the premises at 4801 West Bell Drive (the "Lease"), which was a continuation of previous lease rights that Assignor held at the premises used for the licensed cultivation and manufacture of cannabis products in Clark County, Nevada. See Lease attached as Exhibit A hereto;

WHEREAS, as a requirement of the APA, the privileged licenses, including local jurisdiction business licenses are transferring to Assignee, and in order to receive final approvals to operate the privileged licenses, Assignee will require an assignment of the lease from Assignor;

WHEREAS, Assignor desires to assign all of its right, title and interest in the Lease to Assignee and Assignee desires to assume Assignor's obligations under the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Assignment. Assignor hereby assigns to Assignee all of its right, title and interest in and to the Lease including any and all prepaids and other rights or entitlements of Assignor under the Lease, subject to all of the terms, covenants, conditions and provisions of the Lease.

2. Assumption. From and after the date hereof, Assignee hereby assumes, covenants and agrees to keep and perform each and every obligation of Assignor under the Lease. Assignee agrees to be bound by each and every provision of the Leases as if it had executed the same.

3. Amendment of Lease. As of and subsequent to the Assignment Effective Date, the defined term Tenant in the Lease shall be hereby amended to refer to Assignee. For purposes of notice to Tenant, notice shall be made to MM Development Company, Inc., Attn: Legal, 2548 West Desert Inn Road, Las Vegas, NV 89109.

4. Consent, No Waiver. Landlord consents to this Agreement and to the assignment of the Lease as of the Assignment Effective Date from Assignor to Assignee, and to the Amendment of Leases as shown in paragraph 3 of this Agreement. By this Consent, Landlord does not waive any legal remedies or rights available under the original lease, or as amended.

6. Expenses. The parties hereto will bear their separate expenses in connection with this Agreement and its performance.

7. Entire Agreement. This Agreement embodies the entire understanding of the parties hereto and there are no other agreements or understandings written or oral in effect between the parties relating to the subject matter hereof unless expressly referred to by reference herein. This Agreement may be amended or modified only by an instrument of equal formality signed by the parties or their duly authorized agents.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada and each of the parties hereto submits to the non-exclusive jurisdiction of the courts of the State of Nevada in connection with any disputes arising out of this Agreement.

8. Successors and Assigns. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

9. Attorneys' Fees. In the event of a dispute arising under this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees.

10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Facsimile signatures shall be deemed the same as originals.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Assignment Effective Date.

Assignor

/s/ R. Scott Coffman
West Coast Development Nevada, LLC
By: R. Scott Coffman, Manager

Assignee

/s/ Leighton Koehler
MM Development Company, Inc.
By: Leighton Koehler, Corporate Secretary

For consent and amendment purposes only (Sections 3 and 4)

Landlord

/s/ Larry Scheffler
RX Land, LLC
By: Larry Scheffler, Manager

Exhibit A: Lease Agreement dated July 17th, 2020

AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE AGREEMENT (this "Amendment") is made as of the 27th day of November 2020, between RX Land, LLC, a Nevada limited liability company ("Landlord"), and MM Development Company, Inc., a Nevada domestic corporation ("Tenant").

RECITALS

A. On July 17, 2020, RX Land, LLC purchased APNs 162-30-104-003 and 16230-104-005 and buildings thereon, commonly known as 4801 West Bell Drive, Las Vegas, NV 89118 (the "Premises") from Indus Holdings Co. ("Indus"). The land and buildings were subject to a lease with West Coast Development Nevada, LLC ("WCDN"), which was cancelled and re-issued pursuant to a commercial lease acceptable to RX Land on July 17, 2020. The APNs referenced hold special use permits allowing licensed cannabis cultivation and production activities on the premises.

B. Concurrent with the land purchase transaction by RX Land, LLC, on July 17, 2020 Planet 13 Holdings, Inc., through its wholly owned subsidiary MM Development Company, Inc. entered into an asset purchase agreement for all assets and licenses of the cannabis operation, being cultivation and production, by WCDN at the Premises. On November 27, 2020, MMDC and WCDN completed the second and final closing under the asset purchase agreement, which included the assignment and assumption of the lease from WCDN to MMDC.

C. Prior to the July 17, 2020 transaction, the independent members of Planet 13 Holdings, Inc. Board of Directors approved and directed MMDC to enter into a lease transaction that mirrored the terms of the existing MMDC cultivation and production facility lease at 4280 Wagon Trail, Las Vegas, NV 89118, including for a substantially similar rent and duration as at the 4280 Wagon Trail facility. The 4280 Wagon Trail facility was initially established for approximately 6,376 square feet of the facility, wherein tenant built a second story mezzanine, for which it was not charged additional rent although this expanded the facility to approximately 12,348 square feet. July 2020 rent paid to landlord at the 4280 Wagon Trail facility was $10,584.94, resulting in a price per square foot of approximately $1.66 per month. Applying this rate to the buildings at the Premises having 43,880 square feet of warehouse and office space results in a monthly payment of $72,840.80. Also, the 4280 Wagon Trail lease includes rental adjustments of 3% annually, and is not a CPI-U rate-based adjustment.

D. In accordance with the authorization and directive of the independent directors in paragraph C above, MMDC analyzed the October payment of the 4280 Wagon Trail lease, resulting in a determination that additional lease duration from 10 to 15 years of initial term, with two options for 5 year extensions, and to reflect the current rent per square foot paid at the 4280 Wagon Trail premises at the 4801 West Bell Drive Premises.

E. Landlord and Tenant desire to enter into this Amendment for the purpose of updating the lease to comply with the independent directors authorization and the understanding of the lease by and between MMDC and RX Land.

NOW, THEREFORE, for good and valuable consideration and for the covenants and conditions of this Amendment, the receipt and sufficiency of which are hereby conclusively acknowledged, Landlord and Tenant agree as follows:

1. Recitals. The above recitals are true and correct and are agreed to by Landlord and Tenant as if such recitals were fully set forth herein.

2. Terms. All undefined capitalized terms herein shall have the same meaning as defined in the Lease.

3. Amendments.

Section 3.1 of the Lease is hereby amended and restated in its entirety as follows: Original:

> 3.1 Lease Commencement Date. The term of this Lease shall commence on the date referenced above (the "Lease Commencement Date"), with rent payments to commence upon July 16, 2020 and shall terminate on June 30, 2030, (the "Lease Termination Date"), which is the last day of the month preceding the tenth (10th) anniversary day of the Lease Commencement Date unless extended by Tenant in accordance with any extension option contained in this Lease or any rider thereto or unless terminated in accordance with the provisions hereof.

As amended and restated:

> 3.1 Lease Commencement Date. The term of this Lease shall commence on the date referenced above (the "Lease Commencement Date"), with rent payments to commence upon July 16, 2020 and shall terminate on June 30, 2035, (the "Lease Termination Date"), which is the last day of the month preceding the fifteenth (15th) anniversary day of the Lease Commencement Date unless extended by Tenant in accordance with any extension option contained in this Lease or any rider thereto or unless terminated in accordance with the provisions hereof.

Section 4.1 of the Lease is hereby amended and restated in its entirety as follows: Original:

> 4.1 Rent. Commencing on the date ("Rent Commencement Date") which is July 16, 2020, Tenant covenants and agrees to pay to Landlord in lawful money of the United States of America, during each Lease year, an annual rental of Seven Hundred Forty Seven Thousand Seven Hundred Fifteen Dollars & 20/100ths Dollars ($795,096.00) (the "Rent"). The Rent shall be payable in equal monthly installments of Sixty Two Thousand Three Hundred Nine and 60/100 ($62,309.60) each, in advance on or before the first day of each and every calendar month of the term of this Lease. The Rent shall be paid in addition to and over and above all other payments to be made by Tenant herein. The first Lease year shall be a full year commencing on the Lease Commencement Date and each following Lease year shall be an annual period commencing on the anniversary date of the Lease Commencement Date. Appropriate proration shall be made if the Lease Commencement Date is not on the first day of a calendar month, or if the date of termination of the Lease is not on the last day of a calendar month.

As amended and restated:

> 4.1 Rent. Commencing on the date ("Rent Commencement Date") which is July 16, 2020, Tenant covenants and agrees to pay to Landlord in lawful money of the United States of America, during each Lease year, an annual rental of Eight Hundred Seventy Four Thousand Eighty Nine Dollars & 60/100ths Dollars ($874,089.60) (the "Rent"). The Rent shall be payable in equal monthly installments of Seventy Two Thousand, Eight Hundred and Forty & 80/100ths dollars ($72,840.80) each, in advance on or before the first day of each and every calendar month of the term of this Lease. The Rent shall be paid in addition to and over and above all other payments to be made by Tenant herein. The first Lease year shall be a full year commencing on the Lease Commencement Date and each following Lease year shall be an annual period commencing on the anniversary date of the Lease Commencement Date. Appropriate proration shall be made if the Lease Commencement Date is not on the first day of a calendar month, or if the date of termination of the Lease is not on the last day of a calendar month.

Section 4.2 of the Lease is hereby amended and restated in its entirety as follows: Original:

> 4.2 Rental Adjustments. The Rent shall be adjusted on the first day of the thirteenth (13th) month following the calendar month in which the Rent Commencement Date occurs (the "Anniversary Dale") and on the first day of each and every Anniversary Date thereafter for the term of the Lease, plus any option periods, in accordance with the Consumer Price Index for All Urban Consumers (the "CPI-U") as published by the Bureau of Labor Statistics, Washington, D.C. On the First Anniversary Date thereafter, the Rent shall be adjusted to equal the Current Rent then payable, plus the increased amount in accordance with the CPI-U adjustment for the preceding year. In no case, however, shall the Rent be decreased by any decrease in the CPI-U. Following each Anniversary Date, the adjusted Rent shall be due and payable for each and every month of the adjustment period commencing with the respective Anniversary Date.

As amended and restated:

> 4.2 Rental Adjustments. Pursuant to this Amendment to Lease, the Rent shall be adjusted to equal the rent then currently payable, plus an increased amount as follows:
>
> Effective Date Increase: July 1, 2021 and each annual period ending on July1 thereafter Rate of increase: 3.0%
>
> Following each Anniversary Date, the adjusted Rent shall be due and payable for each and every month of the adjustment period commencing with the respective Anniversary Date.

Section 6.1 of the lease is hereby amended and restated in its entirety as follows: Original:

> 6.1 Alterations. Tenant shall not make any structural alterations in the Premises without Landlord's prior written consent, not to be unreasonably withheld or delayed. Tenant shall have the right to make interior, non-structural alterations, and structural alterations under $25,000.00, without Landlord's consent.

As amended and restated:

> 6.1 Alterations. Tenant shall not make any structural alterations in the Premises without Landlord's prior written consent, not to be unreasonably withheld or delayed. Tenant shall have the right to make interior, non-structural alterations, and structural alterations under $25,000.00, without Landlord's consent. In the event that Tenant or Landlord shall make alterations adding a mezzanine or second floor within the Premises, the rent shall not be increased to reflect the increase in the square footage built or created by the Tenant. By way of example, if a second floor or mezzanine were to be added to the Premises, and such alteration increased the building's square footage from 43,880 square feet to 50,000 square feet, rent shall continue at the rate as described in Section 4.1, as such amount shall have been annually increased in accordance with Section 4.2, and shall not reflect any rent or additional rent due on the 6,120 square foot alteration increase to the square footage.

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

LANDLORD:
Rx Land, LLC
a Nevada Limited Liability Corporation

BY: /s/ Larry Scheffler
Larry Scheffler, Manager

TENANT:
MM Development Company, Inc.
a Nevada Domestic Corporation

BY: /s/ Leighton Koehler
Leighton Koehler
Corporate Secretary

Certain identified information has been excluded from the exhibit because it is both not material and is the type that the registrant treats as private or confidential.

Exhibit 10.4

AIRCRE

STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE - NET

1. Basic Provisions ("Basic Provisions").

1.1 Parties. This Lease ("Lease"), dated for reference purposes only May 1, 2018, is made by and between [REDACTED] ("Lessor") and [REDACTED] ("Lessee"), (collectively the "Parties", or individually a "Party").

1.2(a) Premises: That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known as (street address, unit/suite, city, state) 3400 W. Warner Ave., Units F, F-2, G and H, Santa Ana, California 92704 ("Premises"). The Premises are located in the County of Orange, and are generally described as (describe briefly the nature of the Premises and the "Project"): as approximate 16,263 square foot space as part of an industrial/business park complex. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to any utility raceways of the approximate 16,263 square foot building containing the Premises ("Building") and to the Common Areas (as defined in Paragraph 2.7 below), but shall not have any rights to the roof, or exterior walls of the Building or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." (See also Paragraph 2)

1.2(b) Parking: 3 unreserved non-exclusive vehicle parking spaces per every 1,000 square feet of the Premises (i.e. 48 vehicle parking spaces for the Premises at 16,263 square feet, which the number of such spaces shall increase or reduce if the Premises square footage is increased or reduced, respectively) as part of the parking area shown on Exhibit C attached hereto. (See also Paragraph 2.6)

1.3 Term: eleven (11) years and six (6) months ("Original Term") commencing December 1, 2018 ("Commencement Date") and ending May 31, 2030 ("Expiration Date"). (See also Paragraph 3)

1.4 Early Possession: If the Premises are available Lessee may have non-exclusive possession of the Premises commencing upon the date Lessor provides Lessee with possession of the Premises (estimated to occur October 1, 2018). ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 Base Rent: $[REDACTED] per month ("Base Rent"), payable on the first (1st) day of each month commencing the earlier of (i) the ninetieth (90th) day following the Early Possession Date; or (ii) on January 1, 2020 (collectively, the "Rent Commencement Date"). The Base Rent shall be increased at a rate of 3% per annum on a compounding basis during the Original Term. (See also Paragraph 4 and 6(c))

[Base Rent]

☑ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 60.

1.6 Lessee's Share of Common Area Operating Expenses: ~~percent~~ (16.2 %) ("Lessee's Share"). In the event that the size of the Premises and/or the Project are modified during the term of this ~~Lease~~, Lessee shall recalculate Lessee's Share to reflect such modification.

1.7 Base Rent and Other Monies Paid Upon Execution: [Base Rent]

(a) Base Rent: $[REDACTED] for the period January 1, 2020 - January 31, 2020.

(b) Common Area Operating Expenses: $[REDACTED] for the period January 1, 2020 - January 31, 2020 (estimated at $[REDACTED] per square foot of the Premises). [Estimate of Common Area Operating Expense]

(c) Security Deposit: ("Security Deposit"). (See also Paragraph 5)

(d) Other: N/A for N/A.

(e) Total Due Upon Execution of this Lease: $[REDACTED]. [Total Amount Due on Execution of Lease]

1.8 Agreed Use: See Addendum Paragraph 53. (See also Paragraph 6)

1.9 Insuring Party. Lessor is the "Insuring Party". (See also Paragraph 8)

1.10 Real Estate Brokers. (See also Paragraph 15 and 25)

~~(a) Representation. Each Party acknowledges receiving a Disclosure Regarding Real Estate Agency Relationship, confirms and consents to the following agency relationships in this Lease with the following real estate brokers ("Broker(s)") and/or their agents ("Agent(s)").~~

~~Lessor's Brokerage Firm _____ License No. _____ is the broker of (check one): ☐ the Lessor; or ☐ both the Lessee and Lessor (dual agent).~~

~~Lessor's Agent _____ License No. _____ is (check one): ☐ the Lessor's Agent (salesperson or broker associate); or ☐ both the Lessee's Agent and the Lessor's Agent (dual agent).~~

~~Lessee's Brokerage Firm _____ License No. _____ is the broker of (check one): ☐ the Lessee; or ☐ both the Lessee and Lessor (dual agent).~~

~~Lessee's Agent _____ License No. _____ is (check one): ☐ the Lessee's Agent (salesperson or broker associate); or ☐ both the Lessee's Agent and the Lessor's Agent (dual Agent).~~

~~(b) Payment to Brokers. Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of _____ or _____% of the total Base Rent) for the brokerage services rendered by the Brokers.~~

1.11 Guarantor. The obligations of the Lessee under this Lease are to be guaranteed by Newtonian Principles, Inc., a Delaware corporation ("Guarantor"). (See also Paragraph 37)

1.12 Attachments. Attached hereto are the following, all of which constitute a part of this Lease:

☑ an Arbitration Addendum, an Option(s) to Extend Addendum, and an Addendum consisting of Paragraphs 50 through 62;

☑ a site plan depicting the Premises as Exhibit C and Floor Plan depicting the Premises as Exhibit D;

☑ a site plan depicting the Project as Exhibit C;

☑ a current set of the Rules and Regulations for the Project;

☐ a current set of the Rules and Regulations adopted by the owners' association;

☑ a Work Letter attached as Exhibit E;

☑ other (specify): Lessee's use of Chemical and Hazardous Substance Disclosure Notice as Exhibit A; Notice of Existing Hazardous Substances as Exhibit B; A "vanilla shell" description as Exhibit F; a Form of Guaranty as Exhibit G; a Proposal and Contract for Installation of a New Roof for the Building by Built-Rite Construction Inc. as Exhibit H; and Guaranty of Lease.

2. Premises.

2.1 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. NOTE: Lessee is advised to verify the actual size prior to executing this Lease.

2.2 Condition. Lessor shall deliver that portion of the Premises contained within the Building ("Unit") to Lessee broom clean and free of debris on the Rent Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and, so long as the required service contracts described in Paragraph 7.1(b)

[REDACTED]
INITIALS

[REDACTED]
INITIALS

below are obtained by Lessee and in effect within thirty days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("**HVAC**"), loading doors, sump pumps, if any, and all other such elements in the Unit, other than those removed, altered or constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects not caused by Lessee, and that the Unit does not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. If a non-compliance with such warranty exists as of the Start Date, or if one of such systems or elements should malfunction or fail within the appropriate warranty period, Lessor shall, at Lessor's sole obligation with respect to such matters, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, malfunction or failure, *rectify same at Lessor's expense. The warranty* periods shall be as follows: (i) 6 months as to the HVAC systems, and (ii) 30 days as to the remaining systems and other elements of the Unit. If Lessee does not give Lessor the required notice within the appropriate warranty period, correction of any such non-compliance, malfunction or failure shall be the obligation of Lessee at Lessee's sole cost and expense (except for the repairs to the fire sprinkler systems, roof, foundations, and/or bearing walls - see Paragraph 7). Lessor also warrants, that unless otherwise specified in writing as of the Start Date, Lessor is unaware of (i) *any recorded Notices of Default affecting the Premises; (ii) any delinquent* amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance**. Lessor warrants that to the best of its knowledge the improvements on the Premises comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("**Applicable Requirements**") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises (including the Agreed Use), modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Unit, Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Unit, Premises and/or Building ("**Capital Expenditure**"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general or as a result of Alterations or Utility Installations made by Lessee, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee or as a result of Alterations or Utility Installations made by Lessee, ~~(such as, governmentally mandated seismic modifications),~~ then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/120th~~144th~~ of the portion of such costs reasonably attributable to the Premises. Lessee shall pay interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease ~~or if Lessor reasonably determines that it is not economically feasible to pay its share thereof~~ and exceeds three (3) months of Base Rent as to the Premises or One Hundred Thousand Dollars ($100,000.00) as to the Building, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct undisputed amounts of the same up to twenty-five percent (25%), with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements**. Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) it has been advised by Lessor ~~and/or Brokers~~ to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by ~~Brokers or~~ Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, nor Lessor's agents, ~~nor Brokers~~ have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: ~~(i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii)~~ it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Intentionally Omitted.** ~~Lessee as Prior Owner/Occupant. The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.~~

2.6 **Vehicle Parking.** Lessee shall be entitled to use on a non-exclusive basis the number of Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time by Lessor for parking. Lessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, herein called "**Permitted Size Vehicles**." Lessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Lessor; provided, however, the foregoing shall not preclude the temporary parking of vehicles of less than 24 hours which are not Permitted Size Vehicles for purposes of loading and unloading. In addition:

(a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, ~~customers,~~ contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

(b) Lessee shall not service or store any vehicles in the Common Areas.

(c) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.7 **Common Areas - Definition.** The term "**Common Areas**" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Unit that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roofs, roadways, walkways, driveways and landscaped areas.

2.8 **Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 **Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said Rules and Regulations by other tenants of the Project.

2.10 **Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances,

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[REDACTED]
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parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways; provided, however, except as required by the Applicable Requirements, in no event shall such changes diminish Lessee's access rights to the Premises or decrease the parking spaces to which it is entitled.

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 **Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Rent Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of Common Area Operating Expenses, Real Property Taxes and insurance premiums and to maintain the Premises) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 **Delay In Possession.** Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date October 1, 2019. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises, ~~and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee.~~ If possession is not delivered within 120~~60~~ days after the Rent Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 120~~60~~ day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 180~~120~~ days after the Rent Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 **Lessee Compliance.** Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent following the Rent Commencement Date, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. Rent.

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**").

4.2 **Common Area Operating Expenses.** Lessee shall pay to Lessor on and after the Rent Commencement Date until termination or expiration of ~~during~~ the term hereof, in addition to the Base Rent, Lessee's Share (as specified in Paragraph 1.6) of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following provisions:

(a) "**Common Area Operating Expenses**" are defined, for purposes of this Lease, as all commercially reasonable costs relating to the ownership and operation of the Project, including, but not limited to, the following:

(i) The operation, repair and maintenance, in neat, clean, good order and condition, and if necessary the replacement, of the following:

(aa) The Common Areas and Common Area improvements, including parking areas, loading and unloading areas, trash areas, roadways, parkways, walkways, driveways, landscaped areas, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators, roofs, exterior walls of the buildings, building systems and roof drainage systems.

(bb) Exterior signs and any tenant directories.

(cc) Any fire sprinkler systems.

(dd) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas and any utilities not separately metered.

(iii) The cost of trash disposal, pest control services, property management not to exceed an amount equal to six percent (6%) of the annual Base Rent in the year in which the Property Management expense was incurred, security services, owners' association dues and fees, the cost to repaint the exterior of any structures and the cost of any environmental inspections.

(iv) Reasonable and customary Reserves for comparable projects set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(v) Real Property Taxes (as defined in Paragraph 10).

(vi) The cost of the premiums for the insurance maintained by Lessor pursuant to Paragraph 8.

(vii) Any deductible portion of an insured loss concerning the Building or the Common Areas, but not to exceed $20,000.

(viii) Auditors', accountants' and attorneys' fees and costs related to the operation, maintenance, repair and replacement of the Project.

(ix) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 7.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such capital improvement in any given month. Lessee shall pay interest on the unamortized balance but may prepay its obligation at any time.

(x) The cost of any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

Notwithstanding anything in this Lease to the contrary, the following shall not be included within Common Area Operating Expenses: (i) leasing commissions, attorneys' fees, costs, disbursements, and other expenses incurred in connection with negotiations or disputes with other tenants, or in connection with leasing, renovating, or improving space for other tenants or other occupants or prospective tenants of the Building or Project; (ii) any depreciation on the Building or Project; (iii) costs incurred due to Lessor's violation of any terms or conditions of this Lease or any other lease relating to the Building or Project; (iv) overhead profit increments paid to Lessor's subsidiaries or affiliates for management or other services on or to the Building or Project or for supplies or other materials for the Building or Project to the extent that the cost of such services, supplies, or materials exceeds the cost that would have been paid had such services, supplies, or materials been provided by unaffiliated parties on a competitive basis; (v) all interest, loan fees, and other carrying costs related to any mortgage or deed of trust, and all rental and other payable amounts due under any ground or underlying lease; (vi) advertising and promotional expenditures; (vii) cost of repairs and other work occasioned by fire, windstorm, or other casualty of an insurable nature to the extent that Lessor has an insurance obligation therefor pursuant to the terms of this Lease; (viii) costs for sculpture, paintings, or other objects of art (nor insurance thereon or extraordinary security in connection therewith), provided, however, maintenance thereof is not excluded from Common Area Operating Expenses; (ix) wages, salaries, or other compensation paid to any executive employees above the grade of building manager; and (x) the cost of containing, removing, or otherwise remediating any contamination of the Premises (including the underlying land and ground water) by any Hazardous Substances where such contamination was not caused by Lessee.

(b) Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Unit, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Unit, Building, or other building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(c) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(d) Lessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the annual Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such year exceed Lessee's Share, Lessor shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of the statement.

(e) Common Area Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or insurance proceeds.

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4.3 **Payment.** Lessee shall cause payment of Rent and all other payments under this Lease to be received by Lessor in lawful money of the United States by check, money order or wire o f immediately available funds, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. All monetary amounts may shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of $25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

4.4 **Audit Rights.** Within ninety (90) days after receipt of Lessor's statement of Paragraph 4.2(d) above setting forth the actual Common Area Operating Expenses (the "Statement"), Lessee shall have the right to audit at Lessor's local offices, at Lessee's expense, Lessor's books and records relating to Common Area Operating Expenses for the year in question. Such audit shall be conducted by a certified public accountant approved by Lessor, which approval shall not be unreasonably withheld. Such audit shall be completed within thirty (30) days after such audit is commenced, and shall be conducted at such time or times during business hours as Lessor shall reasonably designate. If Lessee fails to timely provide Lessor with notice of Lessee's election to audit the applicable Statement within such 90-day period, such applicable Statement shall be conclusively binding. If such audit reveals that Lessor has overcharged Lessee, the amount overcharged shall be paid to Lessee within thirty (30) days after the audit is concluded.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.

6. **Use.**

6.1 **Use.** Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is not in compliance with Applicable Law unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a Any modification of the Agreed Use consented to by Lessor shall, so long as the same will not impair the structural integrity of the building or the mechanical or electrical systems therein, and shall /or is not be significantly more burdensome to the Project. If Lessor elects to withhold consent, Lessor shall, within 7 days after such request, give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 **Hazardous Substances.**

(a) **Reportable Uses Require Consent.** The term "**Hazardous Substance**" as used in this Lease shall mean any product, substance, or waste, excluding Cannabis, whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "**Reportable Use**" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which are suffered as a direct result of Hazardous Substances on the Premises prior to Lessee taking possession or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to the Lessee taking possession, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises or such investigation reveals a Lessee Default under this Paragraph 6.2, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue

in full force and effect, but subject to Lessor's rights under Paragraph 6.2(c) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds $250,000 12 times the then monthly Base Rent or $100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds $250,000 an amount equal to 12 times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination. Notwithstanding any provision of Paragraph 6.2 to the contrary, subparagraph 6.2(g) shall not apply to the Hazardous Substance Condition disclosed on Exhibit B attached hereto and Lessor shall be responsible for all remediation measures arising from such condition.

6.3 **Lessee's Compliance with Applicable Laws/Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Laws/Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Laws/Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and reasonable/other documents, and other reasonable information evidencing Lessee's compliance with any Applicable Laws/Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened (if known) or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Laws/Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance.** Subject to Cannabis Laws, Lessor and Lessor's "**Lender**" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice of no less than twenty-four (24) hours and subject to Lessee's reasonable security precautions, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessor, in the exercise of its right of entry under this Lease, permit any person or entity which is known by Lessor to be a competitor of Lessee or Permitted Transferee be entitled to enter the Premises without Lessee's express written consent to the entry of such person or entity, in Lessee's sole and absolute discretion ("**Competitor Entry Rights**"). The cost of any such inspections shall be paid by Lessor, unless a material violation of Applicable Laws/Requirements, or a Hazardous Substance Condition (see Paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of written request therefor. Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 **Lessee's Obligations.**

(a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

(b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler and pressure vessels, and (iii) clarifiers. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, subject to Competitor Entry Rights and Cannabis Law, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly pay to Lessor a sum equal to 115% of the cost thereof.

(d) **Replacement.** Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 120144 (ie. 1/120th144th of the cost per month; provided, however, that if an item described in Paragraph 7.1(b) is a Lessee Owned Alteration or Utility Installation, all replacement costs thereof shall be borne by Lessee). Lessee shall pay interest on the unamortized balance but may prepay its obligation at any time.

7.2 **Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, Common Area fire alarm and/or smoke detection systems, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, fences, signs (except Lessee's signage) and utility systems serving the Common Areas and all parts thereof, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. In the event a new roof for the Building is requested in writing by Lessee or Permitted Transferee pursuant to tenant improvements, Lessor shall contribute, one (1) time, two thirds (2/3) of the cost to replace the roof, capped at $119,000 of contribution by Lessor, provided that the requested roof is of equal or greater quality to the roof described in Exhibit H attached hereto, and Lessee shall contribute the remaining portion of the cost of such roof upon completion thereof payable in one lump sum. Such roof cost contribution by Lessor shall not be amortized as a CAM or any other passthrough expense to the Lessee or Permitted Transferee.

7.3 **Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term "**Utility Installations**" refers to all floor and window coverings, air and/or vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "**Alterations**" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion to the Premises, Building or Project. "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises, Building or Project without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing exterior walls, will not affect the electrical, plumbing, HVAC, structural support and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises, Building or Project resulting from Applicable Laws/Requirements, such as compliance with Title 24, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor.

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Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds**. Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs. Upon Completion of any Lessee Construction, Lessee shall obtain unconditional waivers and releases on final payment with no exceptions from all its contractors, subcontractors and material suppliers.

(d) **Lessee's Work.** Notwithstanding subparagraphs 7.3(b) and 7.3(c) above, such subparagraphs shall not apply to Lessee's Work as defined in the Work Letter attached hereto as Exhibit E, instead, Lessee's Work shall be carried out in accordance with the Work Letter attached hereto as Exhibit E as the same may be modified or superceded as provided in Exhibit E.

(e) **Intended Alterations.** Lessor acknowledges that Lessee's intended Alterations include the construction of a "Planet 13" water feature sign similar to the "Planet 13" signage in Las Vegas, Nevada ("**Intended Alterations**"). Lessor shall not deny or withhold consent merely on the basis that Lessee desires to construct the Intended Alterations, but may deny or withhold consent on other bases such as the intended manner of construction, substantial adverse deviations from the "Planet 13" Las Vegas, Nevada signage, legality of the Intended Alterations, or otherwise. All Intended Alterations shall comply with Applicable Law, including, but not limited to, approval by the City of Santa Ana.

7.4 **Ownership; Removal; Surrender; and Restoration.**

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. ~~Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations.~~ Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 365[illegible] and not later than 60[illegible] days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, in a "vanilla shell" condition, as described on Exhibit F attached hereto and with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. ~~Notwithstanding the foregoing and the provisions of Paragraph 7.1(a), if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear.~~ Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances and Cannabis brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Project) to the level specified in Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 **Payment of Premiums.** The cost of the premiums for the insurance policies required to be carried by Lessor, pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b), shall be a Common Area Operating Expense. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Start Date or Expiration Date.

8.2 **Liability Insurance.**

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $[REDACTED] per occurrence with an annual aggregate of not less than $[REDACTED] Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "**insured contract**" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 **Property Insurance - Building, Improvements and Rental Value.**

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full insurable replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed $[REDACTED] per occurrence. [Maximum Deductibel Amount]

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas ~~or other buildings in the Project~~ if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

[Maximum Deductible Amount]

8.4 **Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.**

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed $[REDACTED] per occurrence. The *proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility* Installations.

(b) **Business Interruption.** To the extent business interruption insurance is required by Lessor's lender, Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Law~~Requirements~~. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along

with the certificate of insurance or copy of the policy required by paragraph 8.5.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 **Insurance Policies.** Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, ~~or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand.~~ Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same. Notwithstanding anything to the contrary in this Lease, each Party's obligation to obtain and maintain required insurance under this Lease shall be only to the extent that such insurance is commercially available at commercially reasonable rates; provided, however, in no event shall such insurance obligations be contrary to Applicable Law.

8.6 **Waiver of Subrogation.** Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity.** Except for Lessor's gross negligence or willful misconduct (which shall not include Lessor's consent to the Agreed Use), Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, a Breach of the Lease by Lessee and/or the use and/or occupancy of the Premises and/or Project by Lessee and/or by Lessee's employees, contractors, agents, representatives, licensees or invitees . Such obligation to indemnify shall not extend to any claim or foreclosure action made by Lessor's lender resulting from or arising from Lessor's breach or potential breach of its financing or lending agreements, or Security Devices as such are defined in Paragraph 30.1, with Lessor's lender arising from Lessee's Cannabis activities conducted in accordance with Applicable Law. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified. Except for Lessee's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless Lessee and Lessee's employees, officers, agents, directors, and shareholders, and the successors and assigns of each of the foregoing, any and all claims, demands, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with (i) Lessor's or Lessor's agents breach of any covenant, representation or warranty under this Lease and (ii) Lessor's or Lessor's agents' gross negligence or willful misconduct. The mutual indemnity obligations of Lessor and Lessee under this Lease shall not, however, release the respective insurers of Lessor and Lessee from such insurers' obligations under any policies covering their respective insureds.

8.8 **Exemption of Lessor and its Agents from Liability.** Except for ~~Notwithstanding~~ the gross negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

~~8.9 Failure to Provide Insurance. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or $100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.~~

9. Damage or Destruction.

9.1 **Definitions.**

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 6 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 12 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 6 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 12 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is $10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to

Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 **Damage Near End of Term.** If at any time during the last 6 months of this Lease (including and as extended by any option term) there is damage for which the cost to repair exceeds two (2) one month's Base Rent, whether or not an Insured Loss, either Party Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to the other Party Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option, in which case this Paragraph 9.5 shall be inapplicable to such damage and the other provisions of this Lease shall control, and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 **Abatement of Rent; Lessee's Remedies.**

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease and such damage, destruction or condition prevents Lessee from use of the Premises and operation of its business, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. Real Property Taxes.

10.1 **Definition.** As used herein, the term "**Real Property Taxes**" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease, and/or (iv) imposed by reason of the Agreed Use . In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.

10.2 **Payment of Taxes.** Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 **Additional Improvements.** Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fatures or Utility Installations placed upon the Premises, Building or Project by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 **Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities and Services. Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2, if at any time in Lessor's sole judgment, Lessor determines that Lessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Lessee is generating such a large volume of trash as to require an increase in the size of the trash receptacle and/or an increase in the number of times per month that it is emptied, then Lessor may increase Lessee's Base Rent by an amount equal to such increased costs. There shall be no abatement of Rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

Within thirty fifteen days of Lessor's written request, Lessee agrees to deliver to Lessor such information, documents and/or authorization as Lessor needs in order for Lessor to comply with new or existing Applicable Requirements relating to commercial building energy usage, ratings, and/or the reporting thereof.

12. Assignment and Subletting.

12.1 **Lessor's Consent Required.**

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "**assign or assignment**") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 50% 25% or more of the voting control of Lessee or Planet 13 shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d). , or a noncurable Breach without the necessity of any notice and grace period. If Lessee elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the

[REDACTED]
INITIALS

[REDACTED]
INITIALS

price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 **Terms and Conditions Applicable to Assignment and Subletting.**

(a) Regardless of Lessor's consent, no assignment or subletting shall : (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $1,000 $500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease , other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 **Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

12.4 **Permitted Transfers.** Notwithstanding anything in this Lease to the contrary, and subject to the conditions reflected in Paragraph 12.5 as stated herein, Lessee may assign or sublease the Premises, upon written notice without Lessor's consent, to the following entities (collectively, "Permitted Transfers" and each such assignee or sublessee or licensee, a "Permitted Transferee"):

(a) To an entity which is controlled by Planet 13 Holdings, Inc., a Canadian public corporation ("Planet 13").

(b) To an entity which results from a merger of, reorganization of, or consolidation with Lessee for Planet 13.

(c) To an entity which acquires substantially all of the stock or assets of the Lessee for Planet 13, as a going concern, with respect to the business that is being conducted in the Premises.

12.5 **Conditions for Permitted Transfers:** Any Permitted Transfer pursuant to section 12.4 above, shall be subject to the following conditions:

(a) Lessee shall remain fully liable for all terms, conditions and obligations under the Lease.

(b) Any such Permitted Transfer shall be subject to all of the terms, covenants and conditions of the Lease and (except in the case of a sublease or license) the transferee shall expressly assume for the benefit of Lessor all the obligations of Lessee under the Lease and shall deliver to Lessor within fifteen (15) days of the effective date of such transfer instrument containing an express assumption of all of Lessee's obligations under the Lease.

(c) Any transferee or entity resulting from a Permitted Transfer (other than subleases) will, under generally accepted accounting principles, have a net worth equal to or greater than the Lessee's net worth at the time of Lease execution.

(d) Lessee shall provide Lessor, within twenty (20) days of the effective date of such transfer instrument, applicable documentation related to any modification or new issuance of the required Local Regulatory Permits and State Licenses.

(e) Lessee shall provide Lessor notice of such Permitted Transfer no later than 30 days after such transfer and shall include all documentation reasonably necessary to verify the conditions contained herein.

(f) Lessee agrees to reimburse Lessor for Lessor's reasonable attorney's fees and documentation fees incurred in connection with the review, processing and preparation of any documentation associated with a Permitted Transfer.

(g) Planet 13 shall execute a guaranty to this Lease in substantially the same form as the Form of Guaranty attached hereto as Exhibit G.

13. Default; Breach; Remedies.

13.1 **Default; Breach.** A "**Default**" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "**Breach**" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 5 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) Subject to Competitor Entry Rights, the The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee not in conformance with Applicable Law, where such actions continue for a period of 5 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a third second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Laws Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, subject to Lessee's right in Paragraph 40 of the Addendum, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences

such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "**debtor**" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 **Remedies**. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 **Inducement Recapture.** Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor (including, but not limited to, the Lessor Allowance), or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges**. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 5%~~10%~~ of each such overdue amount or $100, whichever is greater. Additionally, Lessor shall not impose any late charge upon Lessee for late payment of any amount due to Lessor if Lessee has not made late payments more than once in the 12-month period immediately preceding the subject late payment. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest**. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of 5%~~10%~~ per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor.**

(a) **Notice of Breach**. Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then, following an additional ten (10) days' written notice from Lessee to Lessor of Lessor's breach and Lessor's failure to cure or commence curing such breach within said ten (10)-day period, Lessee may elect to cure said breach at Lessee's expense and offset from twenty-five percent (25%) of Rent the undisputed actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the Unit, or more than 25% of the parking spaces or access to the Premises is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. **Brokerage Fees.**

15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.10 above, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.

15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 **Representations and Indemnities of Broker Relationships.** Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker, agent or finder (other than the Brokers and Agents, if any) in connection with this Lease, and that no one other than said named Brokers and Agents is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. Estoppel Certificates.

(a) Each Party (as "**Responding Party**") shall within 10 business days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published BY AIR CRE, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 business day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 50% of the then existing Base Rent or $100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 business days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years submitted to regulatory authorities. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Definition of Lessor. The term "**Lessor**" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Days. Unless otherwise specifically indicated to the contrary, the word "**days**" as used in this Lease shall mean and refer to calendar days.

20. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. No Prior or Other Agreements; Broker Disclaimer. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective, including, but not limited to, the Lease for the Premises executed on August 15, 2019 between the parties. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

23.3 **Options.** Notwithstanding the foregoing, in order to exercise any Options (see paragraph 39), the Notice must be sent by Certified Mail (return receipt requested), Express Mail (signature required), courier (signature required) or some other methodology that provides a receipt establishing the date the notice was received by the Lessor.

24. Waivers.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) *Lessor's Agent.* A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: *To the Lessor:* A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. *To the Lessee and*

[REDACTED]
INITIALS

[REDACTED]
INITIALS

the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) *Lessee's Agent*. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. *To the Lessee*: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. *To the Lessee and the Lessor*: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) *Agent Representing Both Lessor and Lessee*. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not, without the express permission of the respective Party, disclose to the other Party confidential information, including, but not limited to, facts relating to either Lessee's or Lessor's financial position, motivations, bargaining position, or other personal information that may impact rent, including Lessor's willingness to accept a rent less than the listing rent or Lessee's willingness to pay rent greater than the rent offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional. Both Lessor and Lessee should strongly consider obtaining tax advice from a competent professional because the federal and state tax consequences of a transaction can be complex and subject to change.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. Covenants and Conditions; Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. Binding Effect; Choice of Law. This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non-Disturbance.

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease and agreed use thereof, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. ~~In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then~~ Lessee ~~may, at Lessee's option, directly shall not~~ contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement without Lessor's prior written consent.

30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach ($200 is a reasonable minimum per occurrence for such services and consultation).

32. Lessor's Access; Showing Premises; Repairs. Subject to Competitor Entry Rights, Cannabis Laws and Lessee's reasonable security requirements, Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice (of no less than 24 hours) for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Except

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for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Laws~~Requirements~~. All Lessee signage on the Premises, Building or Project shall be constructed, installed, maintained in first-class condition and removed by Lessee at Lessee's sole cost and expense.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor.

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published BY AIR CRE.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted any option, as defined below, then the following provisions shall apply.

39.1 **Definition. "Option"** shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

~~39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.~~

39.3 **Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. Security Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

41. Reservations. Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, and (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights.

42. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. Offer. Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

48. Arbitration of Disputes. An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☑ is ☐ is not attached to this Lease.

49. Accessibility; Americans with Disabilities Act.

(a) The Premises:

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☑ have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises have been issued an inspection report by a CASp the Lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this Lease.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

[SIGNATURES ON FOLLOWING PAGE]

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INITIALS

[REDACTED]
INITIALS

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures. [Location of Lease Execution]

Executed at: Newport Beach, CA	Executed at: [REDACTED]
On: _____	On: _____
By LESSOR: [Lessor Name]	By LESSEE: [Lessee Name]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
By: /s/ [REDACTED]	By: /s/ [REDACTED]
Name Printed: [REDACTED]	Name Printed: [REDACTED]
Title: ASSET MANAGER	Title: MANAGER
Phone: _____	Phone: _____
Fax: _____	Fax: _____
Email: _____	Email: _____
By: _____	By: _____
Name Printed: _____	Name Printed: _____
Title: _____	Title: _____
Phone: _____	Phone: _____
Fax: _____	Fax: _____
Email: _____	Email: _____
Address: _____	Address: _____
Federal ID No.: _____	Federal ID No.: _____
BROKER	**BROKER**
_____	_____
Attn: _____	Attn: _____
Title: _____	Title: _____
Address: _____	Address: _____
Phone: _____	Phone: _____
Fax: _____	Fax: _____
Email: _____	Email: _____
Federal ID No.: _____	Federal ID No.: _____
Broker/Agent DRE License #: _____	Broker/AGENT DRE License #: _____

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INITIALS

[REDACTED]
INITIALS

AIRCRE

ARBITRATION AGREEMENT
STANDARD LEASE ADDENDUM

Dated: May 1, 2018

By and Between

Lessor: [REDACTED] [Lessor Name]

Lessee: [REDACTED] [Lessee Name]

Property Address: 3400 W. Warner Ave., Units F, F-2, G and H, Santa Ana, California 92704
(street address, city, state, zip)

Paragraph: 50

A. ARBITRATION OF DISPUTES:

Except as provided in Paragraph B below, the Parties agree to resolve any and all claims, disputes or disagreements arising under this Lease, including, but not limited to any matter relating to Lessor's failure to approve an assignment, sublease or other transfer of Lessee's interest in the Lease under Paragraph 12 of this Lease, any other defaults by Lessor, or any defaults by Lessee by and through arbitration as provided below and irrevocably waive any and all rights to the contrary. The Parties agree to at all times conduct themselves in strict, full, complete and timely accordance with the terms hereof and that any attempt to circumvent the terms of this Arbitration Agreement shall be absolutely null and void and of no force or effect whatsoever.

B. DISPUTES EXCLUDED FROM ARBITRATION:

The following claims, disputes or disagreements under this Lease are expressly excluded from the arbitration procedures set forth herein: 1. Disputes for which a different resolution determination is specifically set forth in this Lease, 2. All claims by either party which (a) seek anything other than enforcement or determination of rights under this Lease, or (b) are primarily founded upon matters of fraud, willful misconduct, bad faith or any other allegations of tortious action, and seek the award of punitive or exemplary damages, 3. Claims relating to (a) Lessor's exercise of any unlawful detainer rights pursuant to applicable law or (b) rights or remedies used by Lessor to gain possession of the Premises or terminate Lessee's right of possession to the Premises, all of which disputes shall be resolved by suit filed in the applicable court of jurisdiction, the decision of which court shall be subject to appeal pursuant to applicable law 4. Any claim or dispute that is within the jurisdiction of the Small Claims Court and 5. All claims arising under Paragraph 39 of this Lease.

C. APPOINTMENT OF AN ARBITRATOR:

All disputes subject to this Arbitration Agreement, shall be determined by binding arbitration before: ☑ a retired judge of the applicable court of jurisdiction (e.g., the Superior Court of the State of California) affiliated with Judicial Arbitration & Mediation Services, Inc. ("JAMS"), ☐ the American Arbitration Association ("AAA") under its commercial arbitration rules, ☐ _____, or as may be otherwise mutually agreed by Lessor and Lessee (the "Arbitrator"). In the event that the parties elect to use an arbitrator other than one affiliated with JAMS or AAA then such arbitrator shall be obligated to comply with the Code of Ethics for Arbitrators in Commercial Disputes (see: http://www.adr.org/sas/ShowProperty?nodeId=/UCM/ADRSTG_003867). Such arbitration shall be initiated by the Parties, or either of them, within ten (10) days after either party sends written notice (the "Arbitration Notice") of a demand to arbitrate by registered or certified mail to the other party and to the Arbitrator. The Arbitration Notice shall contain a description of the subject matter of the arbitration, the dispute with respect thereto, the amount involved, if any, and the remedy or determination sought. If the Parties have agreed to use JAMS they may agree on a retired judge from the JAMS panel. If they are unable to agree within ten days, JAMS will provide a list of three available judges and each party may strike one. The remaining judge (or if there are two, the one selected by JAMS) will serve as the Arbitrator. If the Parties have elected to utilize AAA or some other organization, the Arbitrator shall be selected in accordance with said organization's rules. In the event the Arbitrator is not selected as provided for above for any reason, the party initiating arbitration shall apply to the appropriate Court for the appointment of a qualified retired judge to act as the Arbitrator.

D. ARBITRATION PROCEDURE:

1. **PRE-HEARING ACTIONS.** The Arbitrator shall schedule a pre-hearing conference to resolve procedural matters, arrange for the exchange of information, obtain stipulations, and narrow the issues. The Parties will submit proposed discovery schedules to the Arbitrator at the pre-hearing conference. The scope and duration of discovery will be within the sole discretion of the Arbitrator. The Arbitrator shall have the discretion to order a pre-hearing exchange of information by the Parties, including, without limitation, production of requested documents, exchange of summaries of testimony of proposed witnesses, and examination by deposition of parties and third-party witnesses. This discretion shall be exercised in favor of discovery reasonable under the circumstances. The Arbitrator shall issue subpoenas and subpoenas duces tecum as provided for in the applicable statutory or case law (e.g., in California Code of Civil Procedure Section 1282.6).

2. **THE DECISION.** The arbitration shall be conducted in the city or county within which the Premises are located at a reasonably convenient site. Any Party may be represented by counsel or other authorized representative. In rendering a decision(s), the Arbitrator shall determine the rights and obligations of the Parties according to the substantive laws and the terms and provisions of this Lease. The Arbitrator's decision shall be based on the evidence introduced at the hearing, including all logical and reasonable inferences therefrom. The Arbitrator may make any determination and/or grant any remedy or relief that is just and equitable. The decision must be based on, and accompanied by, a written statement of decision explaining the factual and legal basis for the decision as to each of the principal controverted issues. The decision shall be conclusive and binding, and it may thereafter be confirmed as a judgment by the court of applicable jurisdiction, subject only to challenge on the grounds set forth in the applicable statutory or case law (e.g., in California Code of Civil Procedure Section 1286.2). The validity and enforceability of the Arbitrator's decision is to be determined exclusively by the court of appropriate jurisdiction pursuant to the provisions of this Lease. The Arbitrator may award costs, including without limitation, Arbitrator's fees and costs, attorneys' fees, and expert and witness costs, to the prevailing party, if any, as determined by the Arbitrator in his discretion.

Whenever a matter which has been submitted to arbitration involves a dispute as to whether or not a particular act or omission (other than a failure to pay money) constitutes a Default, the time to commence or cease such action shall be tolled from the date that the Notice of Arbitration is served through and until the date the Arbitrator renders his or her decision. Provided, however, that this provision shall NOT apply in the event that the Arbitrator determines that the Arbitration Notice was prepared in bad faith.

Whenever a dispute arises between the Parties concerning whether or not the failure to make a payment of money constitutes a default, the service of an Arbitration Notice shall NOT toll the time period in which to pay the money. The Party allegedly obligated to pay the money may, however, elect to pay the money "under protest" by accompanying said payment with a written statement setting forth the reasons for such protest. If thereafter, the Arbitrator determines that the Party who received said money was not entitled to such payment, said money shall be promptly returned to the Party who paid such money under protest together with interest thereon as defined in Paragraph 13.5. If a Party makes a payment "under protest" but no Notice of Arbitration is filed within thirty days, then such protest shall be deemed waived. (See also Paragraph 42 or 43)

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INITIALS INITIALS

AIRCRE

ARBITRATION AGREEMENT
STANDARD LEASE ADDENDUM

Dated: May 1, 2018
By and Between
Lessor: [REDACTED] [Lessor Name]
Lessee: [REDACTED] [Lessee Name]
Property Address: 3400 W. Warner Ave., Units F, F-2, G and H, Santa Ana, California 92704
(street address, city, state, zip)

Paragraph: 50

A. ARBITRATION OF DISPUTES:

Except as provided in Paragraph B below, the Parties agree to resolve any and all claims, disputes or disagreements arising under this Lease, including, but not limited to any matter relating to Lessor's failure to approve an assignment, sublease or other transfer of Lessee's interest in the Lease under Paragraph 12 of this Lease, any other defaults by Lessor, or any defaults by Lessee by and through arbitration as provided below and irrevocably waive any and all rights to the contrary. The Parties agree to at all times conduct themselves in strict, full, complete and timely accordance with the terms hereof and that any attempt to circumvent the terms of this Arbitration Agreement shall be absolutely null and void and of no force or effect whatsoever.

B. DISPUTES EXCLUDED FROM ARBITRATION:

The following claims, disputes or disagreements under this Lease are expressly excluded from the arbitration procedures set forth herein: 1. Disputes for which a different resolution determination is specifically set forth in this Lease, 2. All claims by either party which (a) seek anything other than enforcement or determination of rights under this Lease, or (b) are primarily founded upon matters of fraud, willful misconduct, bad faith or any other allegations of tortious action, and seek the award of punitive or exemplary damages, 3. Claims relating to (a) Lessor's exercise of any unlawful detainer rights pursuant to applicable law or (b) rights or remedies used by Lessor to gain possession of the Premises or terminate Lessee's right of possession to the Premises, all of which disputes shall be resolved by suit filed in the applicable court of jurisdiction, the decision of which court shall be subject to appeal pursuant to applicable law 4. Any claim or dispute that is within the jurisdiction of the Small Claims Court and 5. All claims arising under Paragraph 39 of this Lease.

C. APPOINTMENT OF AN ARBITRATOR:

All disputes subject to this Arbitration Agreement, shall be determined by binding arbitration before: ☑ a retired judge of the applicable court of jurisdiction (e.g., the Superior Court of the State of California) affiliated with Judicial Arbitration & Mediation Services, Inc. ("JAMS"), ☐ the American Arbitration Association ("AAA") under its commercial arbitration rules, ☐ _____, or as may be otherwise mutually agreed by Lessor and Lessee (the "Arbitrator"). In the event that the parties elect to use an arbitrator other than one affiliated with JAMS or AAA then such arbitrator shall be obligated to comply with the Code of Ethics for Arbitrators in Commercial Disputes (see: http://www.adr.org/aaa/ShowProperty?nodeId=/UCM/ADRSTG_003867). Such arbitration shall be initiated by the Parties, or either of them, within ten (10) days after either party sends written notice (the "Arbitration Notice") of a demand to arbitrate by registered or certified mail to the other party and to the Arbitrator. The Arbitration Notice shall contain a description of the subject matter of the arbitration, the dispute with respect thereto, the amount involved, if any, and the remedy or determination sought. If the Parties have agreed to use JAMS they may agree on a retired judge from the JAMS panel. If they are unable to agree within ten days, JAMS will provide a list of three available judges and each party may strike one. The remaining judge (or if there are two, the one selected by JAMS) will serve as the Arbitrator. If the Parties have elected to utilize AAA or some other organization, the Arbitrator shall be selected in accordance with said organization's rules. In the event the Arbitrator is not selected as provided for above for any reason, the party initiating arbitration shall apply to the appropriate Court for the appointment of a qualified retired judge to act as the Arbitrator.

D. ARBITRATION PROCEDURE:

1. **PRE-HEARING ACTIONS.** The Arbitrator shall schedule a pre-hearing conference to resolve procedural matters, arrange for the exchange of information, obtain stipulations, and narrow the issues. The Parties will submit proposed discovery schedules to the Arbitrator at the pre-hearing conference. The scope and duration of discovery will be within the sole discretion of the Arbitrator. The Arbitrator shall have the discretion to order a pre-hearing exchange of information by the Parties, including, without limitation, production of requested documents, exchange of summaries of testimony of proposed witnesses, and examination by deposition of parties and third-party witnesses. This discretion shall be exercised in favor of discovery reasonable under the circumstances. The Arbitrator shall issue subpoenas and subpoenas duces tecum as provided for in the applicable statutory or case law (e.g., in California Code of Civil Procedure Section 1282.6).

2. **THE DECISION.** The arbitration shall be conducted in the city or county within which the Premises are located at a reasonably convenient site. Any Party may be represented by counsel or other authorized representative. In rendering a decision(s), the Arbitrator shall determine the rights and obligations of the Parties according to the substantive laws and the terms and provisions of this Lease. The Arbitrator's decision shall be based on the evidence introduced at the hearing, including all logical and reasonable inferences therefrom. The Arbitrator may make any determination and/or grant any remedy or relief that is just and equitable. The decision must be based on, and accompanied by, a written statement of decision explaining the factual and legal basis for the decision as to each of the principal controverted issues. The decision shall be conclusive and binding and it may thereafter be confirmed as a judgment by the court of applicable jurisdiction, subject only to challenge on the grounds set forth in the applicable statutory or case law (e.g., in California Code of Civil Procedure Section 1286.2). The validity and enforceability of the Arbitrator's decision is to be determined exclusively by the court of appropriate jurisdiction pursuant to the provisions of this Lease. The Arbitrator may award costs, including without limitation, Arbitrator's fees and costs, attorneys' fees, and expert and witness costs, to the prevailing party, if any, as determined by the Arbitrator in his discretion.

Whenever a matter which has been submitted to arbitration involves a dispute as to whether or not a particular act or omission (other than a failure to pay money) constitutes a Default, the time to commence or cease such action shall be tolled from the date that the Notice of Arbitration is served through and until the date the Arbitrator renders his or her decision. Provided, however, that this provision shall NOT apply in the event that the Arbitrator determines that the Arbitration Notice was prepared in bad faith.

Whenever a dispute arises between the Parties concerning whether or not the failure to make a payment of money constitutes a default, the service of an Arbitration Notice shall NOT toll the time period in which to pay the money. The Party allegedly obligated to pay the money may, however, elect to pay the money "under protest" by accompanying said payment with a written statement setting forth the reasons for such protest. If thereafter, the Arbitrator determines that the Party who received said money was not entitled to such payment, said money shall be promptly returned to the Party who paid such money under protest together with interest thereon as defined in Paragraph 13.5. If a Party makes a payment "under protest" but no Notice of Arbitration is filed within thirty days, then such protest shall be deemed waived. (See also Paragraph 42 or 43)

[REDACTED] INITIALS

[REDACTED] INITIALS

OPTION(S) TO EXTEND
STANDARD LEASE ADDENDUM

Dated: May 1, 2018

By and Between (Lessor): [REDACTED] [Lessor Name]

(Lessee): [REDACTED] [Lessee Name]

Address of Premises: 3400 W. Warner Ave., Units F, F-2, G, and H
Santa Ana, California 92704

Paragraph: 51

A. OPTION(S) TO EXTEND:
Lessor hereby grants to Lessee (and its Permitted Transferee) the option to extend the term of this Lease for four (4) additional sixty (60) month period(s) (each an "**Option Period**") commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 6 months but not more than 12 months prior to the date that the Option Period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in paragraph 39.4 of this Lease, are conditions of this Option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) This Option is personal to the original Lessee (and its Permitted Transferees), and cannot be assigned or exercised by anyone other than said original Lessee (and such Permitted Transferees) and only while the original Lessee (or its Permitted Transferees) is in full possession of the Premises and without the intention of thereafter assigning or subletting.

(v) The monthly rent for each month of the Option Period shall be calculated as follows, using the method(s) indicated below:

☑ **I. Prevailing Market Rental and Fixed Rate Adjustment:**

a. Base Rent for the Option Period(s) stated in Paragraph 52A above (the Original Term and the above Option Period(s) shall be collectively referred to as the "**Term**"), shall be the "**Prevailing Market Rental**" for the first (1st) Lease year of each Option Period (each a "**PMR Year**") and shall be subject to annual Base Rent increases of 3% on a compounding basis on the date of each annual anniversary of the most recent PMR Year for the Lease years between the PMR Years during each Option Period.

b. Not later than 120 days prior to any PMR Year, Lessor and Lessee shall meet in an effort to negotiate, in good faith, the Prevailing Market Rental of the Premises during the Term. If Lessor and Lessee have not agreed upon the Prevailing Market Rental of the Premises within 90 days prior to any PMR Year, then on 80th day prior to any such PMR Year, at 1:00 p.m. (PST), Lessor and Lessee shall concurrently exchange written notice, in person at the Premises, of their opinion of Prevailing Market Rental for the Premises as of the first day of the then upcoming PMR Year. If either party fails to set forth and deliver their opinion of Prevailing Market Rental in accordance with the foregoing procedure, then the Prevailing Market Rental submitted by the other party will conclusively be

[REDACTED] Initials

[REDACTED] Initials

deemed Prevailing Market Rental of the Premises. If both parties submit their opinion of Prevailing Market Rental and the lower of the two amounts is within ten percent (10%) of the higher amount, the Prevailing Market Rental shall be an amount equal to the quotient of the sum of the opinions of the Prevailing Market Rental submitted by Lessor and Lessee added together and divided by two. If the difference between the lower and higher of the Prevailing Market Rental opinion submitted by Lessor and Lessee is greater than ten percent (10%) of the higher Prevailing Market Rental opinion, then the matter shall be resolved by appraisal as determined below.

c. If appraisal is required, Lessor and Lessee shall jointly appoint one independent, unaffiliated appraiser, who shall by profession be a real estate broker who has been active in the leasing of similar space in the South Coast Metro area of Santa Ana, California for more than 5 years prior to the date of such appointment. If the Parties are unable to agree on such appraiser within thirty (30) days after their concurrent submission of the Prevailing Market Rental opinion, then either party may petition a court of local jurisdiction to appoint such an appraiser. The appointed appraiser shall then provide an opinion as to the Prevailing Market Rental of the Premises independently and without disclosure of the opinions submitted by Lessor or Lessee, but following such appraiser opinion, the Prevailing Market Rental shall be equal to the opinion submitted by Lessor or Lessee as described above whichever is closest to the appraiser's opinion of the Prevailing Market Rental. Such determination shall be binding upon Lessor and Lessee. The cost of the appraiser shall be the responsibility of the party whose opinion of Prevailing Market Rental opinion was furthest from the Prevailing Market Rental opinion of the appraiser.

d. "**Prevailing Market Rental**" shall mean and be equal to the product determined by multiplying the square footage of the Premises by the price per square foot Prevailing Market Rental as determined by Lessor, Lessee and, if applicable, appraisers when considering, (i) the terms of comparable square footage market transactions executed within the prior twenty-four (24)-month period for Cannabis-related uses within Orange County, California, and (ii) which comparable transactions reflect new lease transactions and extensions of existing leases, between nonaffiliated parties for non-expansion, and non-equity tenants. Notwithstanding anything to the contrary in this Paragraph 51, (i) for the first (1st) PMR Year and second (2nd) PMR Year, in no event shall the Prevailing Market Rental be less than an amount equal to ninety-five percent (95%) of the Base Rent for the immediately preceding 12-month period with respect to each such Lease year; (ii) for the third (3rd) PMR Year, in no event shall the Prevailing Market Rental be less than an amount equal to one hundred fifteen percent (115%) of the Base Rent for the immediately preceding 12-month period; and (iii) for the fourth (4th) PMR Year, in no event shall the Prevailing Market Rental be less than an amount equal to one hundred percent (100%) of the Base Rent for the immediately preceding 12-month period.

B. **NOTICE:**
Unless specified otherwise herein, notice of any rental adjustments, other than Fixed Rental Adjustments, shall be made as specified in Paragraph 23 of the Lease.

[REDACTED]
Initials

[REDACTED]
Initials

Addendum to Standard Industrial/Commercial Multi-Tenant Lease – Net

dated May 1, 2018 (the "**Lease**")

by and between

[REDACTED] ("**Lessor**"), and {Lessor Name}

[REDACTED] ("**Lessee**") {Lessee Name}

Premises: 3400 W. Warner Avenue, Units F, F-2, G, and H, Santa Ana, California

In the case of any conflict between the provisions of the Lease (including any attachments) and this Addendum to the Lease (this "**Addendum**"), the provisions of this Addendum shall control. The Parties hereby agree to the following additional provisions of the Lease:

52. **Definitions.** Capitalized terms that are used in this Addendum shall have the definitions ascribed to those terms in the Lease and below, such definitions to be applicable equally to the singular and the plural forms of such terms and to all genders:

a. "**Applicable Law**" means all federal, state and local laws, statutes, rules, ordinances, regulations, codes, licenses, authorizations, decisions, injunctions, interpretations, orders or decrees of any court or other governmental authority having jurisdiction over Lessee or the Premises, including terms and conditions imposed by the City of Santa Ana, California, as may be in effect from time to time; provided, however, that, for purposes of the Lease, Applicable Law shall not include federal laws, statutes, regulations, orders, and decisions to the extent that they are inconsistent with the Cannabis Laws of any State Governmental Authority.

b. "**Cannabis**" means "Cannabis" and "Cannabis products" as defined by Section 11018 and 11018.1, respectfully, of the Health and Safety Code, as amended.

c. "**Cannabis Law**" means any state and local laws, statutes, rules, ordinances, regulations, codes, licenses, authorizations, decisions, injunctions, interpretations, orders or decrees of any court or other governmental authority having jurisdiction over Lessee or the Premises, as may be in effect from time to time, relating to lawful Cannabis businesses, whether for medical use or adult use (a/k/a recreational use), including without limitation, all laws and regulations to the planting, growing, cultivation, manufacturing, processing, testing, packaging, storage, transportation, distribution, sale, and use of Cannabis, the operation of any business relating to the sale and/or distribution of Cannabis related products as all licensing and permitting laws and regulations relating thereto, as may in effect from time to time.

d. "**Federal Governmental Authority**" means the government of the United States or any other nation, or of any political subdivision thereof, or any agency, authority, instrumentality, regulatory body, court, central bank or other entity within the federal government of the United States exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

e. "**Local Regulatory Permit**" means any permit, license, certificate, or approval that is required by the Applicable Laws of the City of Santa Ana (and any other local governmental authority having jurisdiction over the Premises) for the lawful conduct of Lessee's Agreed Use at the Premises.

f. "**State Governmental Authority**" means the government of the state in which the Premises is located or of any political subdivision thereof or any other state in the United States of America, whether state or local, and any agency, authority, instrumentality, regulatory body, court, exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including but not limited to, the City of Santa Ana, California, the California Bureau of Cannabis Control and/or any successor agency, the California Department of Consumer Affairs, the California Department of Food and Agriculture and the California Department of Public Health.

g. "**State Licenses**" means any permit, license, certificate, or approval that is

required by the Applicable Laws of the State of California for the lawful conduct of Lessee's Agreed Use at the Premises.

53. **Agreed Use**. As used in the Lease, "**Agreed Use**" means the use of the Premises for the manufacturing, storage, processing, packaging, distribution and/or sale of Cannabis for medical use and adult (recreational) use, Cannabis lounge, as well as reasonably related activities (including if assigning this Lease or subletting or licensing the Premises for such purpose) and café or restaurant provided that (a) at all times such use shall be strictly in compliance with all Applicable Laws, (b) Lessee (or its assignee, sublessee or licensee) shall at all times possess and maintain in good standing the Local Regulatory Permit and State Licenses required for such use, (c) Lessee shall not use Hazardous Substances without the prior written consent of Lessor, regardless of what local Regulatory Permit or State Licenses are obtained by Lessee, and (d) significant odor does not travel from the interior of the Premises; the exterior of the Premises shall include suites within the Building not leased by Lessee. No cannabis shall be stored upon the Premises before the date which is twenty (20) business days prior to the scheduled opening date of the Premises for business.

54. **Lessor's Right to Terminate.** Notwithstanding anything in the Lease to the contrary, Lessor shall have the right upon Lessor's election to terminate the Lease (with or without prior written notice to Lessee) in the event of any of these conditions (the "**Early Termination Conditions**") arise:

a. Applicable Laws disallow the Agreed Use at the Premises;

b. Lessee's or Lessee's assignees, sublessees and licensees, as applicable (collectively, "**Lessee's Agents**"), failure to obtain or the lapse (however temporary) of any Local Regulatory Permit or State License, but only after the expiration or early termination of all applicable notice, cure and reinstatement periods and rights provided by Applicable Law;

c. Any applicant for any Local Regulatory Permit or State License (including any "owner" designated on such applications), or any person who is managing or is otherwise responsible for operations at the Premises is convicted (including a plea or verdict of guilty or conviction following a plea of nolo contendere) of a felony involving moral turpitude or a felony stated in California Code of Regulations (i) Title 3, Section 8113, (ii) Title 16, Section 5017, as amended, and (iii) Title 17, Section 40162, as amended;

d. Mandate by any Federal Governmental Authority or any State Governmental Authority to terminate the Lease as a result of Cannabis-related activities at the Premises or requiring Lessee or any of Lessee's Agents, as applicable, to end all Cannabis-related activities at the Premises;

e. The written communication of a threat of law enforcement action by any Federal Governmental Authority specifically directed toward Lessor, Lessee and/or any of Lessee's Agents, as applicable, in connection with Cannabis related activities at the Premises;

f. The seizure by any Federal Governmental Authority or any State Governmental Authority seeking forfeiture of any part the Premises or property at the Premises, whether or not the court proceeding has actually commenced;

g. The entry of final judgment that has the effect (whether by restraining order, injunction, declaration, or otherwise) of establishing Lessee or any of Lessee's Agents, as applicable, use of the Premises or any part of the Project constitutes a public or private nuisance;

h. The entry of a judgment or restraining order in an action under any federal, state, or local law (ordinance) or regulation seeking remediation of the Premises or Project as a result of a violation by Lessee or Lessee's assignees, sublessees and licensees, as applicable, of any Applicable Law pertaining to environmental sensitivity or commission of waste, irrespective of Lessee's or any of Lessee's Agents, as applicable, intent and course of action following its commencement;

i. A final judgment having the effect of establishing that Lessee's or Lessee's Agents, as applicable, operation violates Lessor's contractual obligations pursuant to any private covenants of record restricting the Premises or Project; or

j. An event related to the Agreed Use that (i) requires closure of the Premises for more than 180 consecutive days for remediation of materially adverse circumstances created by

Lessee's or Lessee's Agents, as applicable, use of the Premises, or for more than 210 nonconsecutive calendar days within a 360 consecutive day period or (ii) causes Lessor's insurance carrier to cancel any coverage on the Premises or the Project (or to significantly increase Lessor's insurance) unless Lessee procures substantially similar coverage for the entire Project or the Premises, as applicable, within thirty (30) calendar days thereafter, and commences and thereafter continues to pay any premium cost in excess of the premium (pre-cancellation) paid by Lessor without credit or offset against the Rent reserved under the Lease. This shall not include fire and other natural calamity events, unless the source of any such event is directly related to Lessee's or Lessee's assignees, sublessees and licenses operation, such as a heat lamp-related fire in any Cannabis cultivation or an extraction related fire.

55. **Covenants**. In addition to Lessee's covenants set forth in the Lease, Lessee covenants that:

(a) **Compliance with Laws**. Lessee shall comply with all Cannabis Laws and all regulations, orders, writs, injunctions, decrees and demands of any court or any State Governmental Authority affecting Lessee or the Premises with respect to Cannabis Laws. To the extent Lessee or the Premises is determined by any State Governmental Authority to be in violation of with any Cannabis Law or any Applicable Law, Lessee shall promptly undertake and complete any and all investigations, response or other corrective action necessary or recommended to place the Premises and Lessee in compliance with such applicable Cannabis Laws.

(b) **Local Regulatory Permits; State Licenses**. Lessee or Lessee's Agents, as applicable, at their sole cost and expense, shall, as soon as available, apply for and use commercially reasonable efforts to obtain the appropriate Local Regulatory Permits and the appropriate State Licenses from the appropriate Local and State Governmental Authorities required for the Agreed Use of the Premises, prior to commencing operations at the Premises involving Cannabis. In the event Lessee provides Lessor with reasonable evidence that the City of Santa Ana and/or the State of California has denied issuing the first Local Regulatory Permit and/or first annual State License to Lessee for the Agreed Use ("**Denial**"), Lessor agrees to refund Lessee's Security Deposit and the Construction Deposit, if any, less a 10% administration fee and less any amounts used, applied or retained by Lessor as permitted under the Lease and Work Letter, as applicable. Said refund shall not apply to any denials of renewals of any local or State permits or licenses including the Local Regulatory Permit and State License. The Parties agree that such Denial of the first Local Regulatory Permit and/or State License will cause this Lease, the obligations hereunder and the Guaranty to be null and void as if they were never entered into except for Lessor's ability to use, apply or retain the Security Deposit and the Construction Deposit as provided in the Lease and Work Letter and Lessor's refund obligation referenced herein. Lessee shall provide copies of all documents and materials delivered to the State Governmental Authorities in connection with any applications, renewals, or filings made in connection with Local Regulatory Permits and State Licenses (including evidence of required bonding) to Lessor upon written request. Lessee shall provide Lessor with a written copy of any State Governmental Authority's approval, denial or other determination in response to any application by Lessee for a Local Regulatory Permit or a State License, within ten (10) business days from receipt by Lessee of such approval, denial or other determination. In the event Lessee or Lessee's Agents, as applicable, is issued a "temporary license" from the State of California as contemplated by Section 26050.1 of the California Business and Professions Code, or any successor statute, during the term of the Lease, Lessee or Lessee's Agents, as applicable, shall as soon as practicable apply for and obtain the appropriate "non-temporary" State Licenses required for the Agreed Use of the Premises. Lessee, at Lessee's sole expense, shall renew all applicable Local Regulatory Permits and State Licenses annually and provide Lessor evidence of such annual renewal as soon as possible.

(c) **Change in Applicable Law**. Lessee shall, from time to time, promptly sign and deliver any amendments to the Lease and documents requested by Lessor, and take further action that may be necessary, to cause the Lease and this Addendum to reflect or comply with, if possible, changes in Cannabis Law.

(d) **Improvements**. Subject to the terms and conditions of Paragraph 2.3 of the Lease, Lessee shall, at its sole cost and expense, install and maintain any alterations or improvements at the Premises required pursuant to Applicable Laws (including conditions of Lessee's or Lessee's Agents' Local Regulatory Permit) such as odor control equipment, specialty lighting, specialized ventilation equipment, security equipment, and walls, barriers and window treatments necessary to obscure the view of certain activities from public spaces. Lessee shall dismantle and remove all specialized improvements and alterations relating to Lessee's Cannabis-related business at the end of the term of the Lease.

(e) **Surrender**. Lessee shall dispose, pursuant to Applicable Law, all unused Cannabis inventory, refuse, and scrap materials and thereafter clean to commercially acceptable standards (including sterilization of impermeable surfaces, wall-to-wall and ceiling-to-floor) all floors, walls, immovable fixtures, and air ducts serving the Premises. If upon Lessee's surrender or vacation of the Premises, any Cannabis remains in or around the Premises, Lessor will not be deemed to be in possession of such Cannabis (unless required by Applicable Law), Lessor may, at Lessee's sole expense, notify State Governmental Authorities of such Cannabis and cause such Cannabis to be removed and destroyed, and Lessee hereby waives any claim to such Cannabis and any claims against Lessor in connection with such Cannabis.

(f) **Negative Covenants**. Lessee and its employees or agents shall not, either directly or indirectly, cause or permit the following to occur at or from the Premises or Project:

(1) **Distribution in Violation of Law**. Any sales or distribution of Cannabis to persons or entities in violation of any Cannabis Law, including any individuals under the minimum age required by applicable Cannabis Law to consume or use Cannabis related products;

(2) **Criminal Activity**. Any revenues arising out of or relating to the Premises to be distributed or otherwise transferred, either directly or indirectly, to any known criminal individuals or enterprises, including gangs, terrorists, cartels or similar criminal enterprises in violation of Applicable Law;

(3) **Interstate Distribution**. The distribution or transfer of Cannabis from the current state where the Premises is located to any other state in violation of any Cannabis Law of California or such other state;

(4) **Prohibition on Firearms**. Any use, possession, or discharge of firearms in connection with Lessee's or Lessee's Agents' business on or nearby the Premises, provided, however, that Lessee's and Lessee's Agents' security personnel (including "armed guard" delivery drivers who handle currency) that are licensed to possess and use firearms by the appropriate State Governmental Authorities and Federal Governmental Authorities may possess and use firearms on and nearby the Premises in connection with the discharge of their duties to Lessee and Lessee's Agents;

(5) **Drugged Driving**. The sale or distribution of Cannabis to any person that Lessee suspects will operate a motor vehicle shortly after consuming Cannabis;

(6) **Cultivation on Public Lands**. The growing or cultivation of Cannabis on any public lands or any lands under the control or direct ownership of the federal government of the United States of America or any political subdivision thereof; and

(7) **Cannabis Consumption at the Premises**. The public or private consumption of Cannabis by Lessee, Lessee's Agents, or any of their employees, invitees, or members of the public in or nearby the Premises unless permitted by and carried out in accordance with both Lessee's Local Regulatory Permit and State Licenses and only if approved in writing by Lessor.

(g) **Notice**. If, at any time, Lessee receives a notice of any threatened or pending legal action by any Federal Governmental Authority or any State Governmental Authority under any Cannabis Law related to the Premises, Lessee shall notify Lessor immediately in writing of such circumstance and shall include a full description of all relevant information.

56. **Cross-Default**. Any violation by Lessee of the terms and conditions of this Addendum will constitute a Default under the Lease; provided, that, notwithstanding anything to the contrary set forth in the Lease, a Default caused by a violation of the terms of this Addendum shall constitute a Breach when such Default continues for a period of 10 days following written notice of Default to Lessee from Lessor, unless a shorter period for such Default to become a Breach is provided in the Lease, in which case such shorter period shall control.

57. **Indemnified Matters**. Except for Lessor's breach of the Lease, gross negligence and willful misconduct, Lessee hereby agrees to protect, indemnify, defend, release and hold Lessor harmless from and against, and reimburse Lessor on demand for, any and all losses, costs, liabilities (including strict liabilities), claims, damages, expenses (including reasonable attorneys' fees incurred in connection with enforcing this provision), penalties or fines of any kind whatsoever paid, incurred or suffered by, or

asserted against Lessor by any party in connection with, arising out of or resulting in any way whatsoever from:

(a) The occurrence of any Early Termination Conditions;

(b) The Breach of any provision of this Addendum by Lessee;

(c) Any violation of any Cannabis Law by Lessee, regardless of whether any act, omission, event or circumstance giving rise to the violation constituted a violation at the time of the occurrence or inception of such act, omission, event or circumstance; and

(d) Any legal or regulatory action taken by any Federal Governmental Authority or State Governmental Authority with respect to Lessee, Lessee's Agents or Lessee's or Lessee's Agents' use of Premises, including any threatened or pending legal action by any Federal Governmental Authority or State Governmental Authority under any Cannabis Law related to the Lessee's or Lessee's Agents' use of Premises.

58. **Right of First Refusal to Lease.** During the Term, Lessee shall have a right of first refusal to Lease any space in the Building (the "**ROFR**"). In the event Lessor shall receive a bona fide third party offer which Lessor intends to accept (the "**Third Party Offer**"), Lessor shall advise Lessee in writing of such Third Party Offer and Lessor's intention to accept such offer ("**Lessor's Notice**"), and shall furnish to Lessee all of the terms and conditions of the Third Party Offer. Lessee shall have the right, within five (5) business days after receipt of Lessor's Notice, to exercise the ROFR by giving notice thereof in writing to Lessor. If Lessee exercises the ROFR, Lessor and Lessee shall enter into a lease for the premises of the Third Party Offer on substantially the same business terms as the Lease by amending the Lease to include such premises as part of the Premises and including additional provisions, or removing or modifying provisions of the Lease as Lessor deems fit in its reasonable discretion to accommodate, manage and protect against loss due to the unique circumstances of Lessee leasing such premises, including, but not limited to, a provision which provides for a rent commencement date of the Third Party Offer Premises to be the ninetieth (90th) day following the date Lessor provides Lessee with possession of the Third Party Offer Premises ("**New Premises Lease Terms**"). If Lessee does not elect to enter into a lease for the space indicated in the Third Party Offer within the foregoing 5-business day period, then Lessor may lease the Premises to the same party and on the same terms and conditions as contained in the Third Party Offer, provided the lease is executed within ninety (90) days after Lessee's receipt of the Third Party Offer. If the lease with such third party is not executed within such period, or if terms of such lease to be entered into substantially differ from those set forth in the Third Party Offer, the ROFR shall be reinstated. Notwithstanding any provision of this Paragraph 58 to the contrary, if Lessee elects to lease the premises of the Third Party Offer, Lessee shall also be required to lease all remaining space within the Wing (as shown on the Floor Plan attached to the Lease) that includes such premises on the New Premises Lease Terms.

59. **Right of First Offer.** Subject to prior rights granted to any other tenants or other parties to lease available space in the Building and/or renew their existing leases at the Building, regardless of whether such rights are specified in such existing leases, in the event that at any time during the Term, if any Unit within the Building shall become available for lease (the "**Available Space**"), then provided that Lessee is in possession of the Premises and not in Default, Lessor shall notify Lessee of the availability of the Available Space. Lessee shall have a period of ten (10) days from the date of delivery of such notice within which to notify Lessor of its election to lease the Available Space on substantially the same business terms as the Lease by amending the Lease to include the Available Space as part of the Premises and including additional provisions, or removing or modifying provisions of the Lease as Lessor deems fit in its reasonable discretion to accommodate, manage and protect against loss due to the unique circumstances of Lessee leasing the Available Space, including, but not limited to, a provision which provides for a rent commencement date of the Available Space to be the ninetieth (90th) day following the date Lessor provides Lessee with possession of such space ("**Available Space Lease Terms**"). In the event Lessee does not so notify Lessor of its election to lease the Available Space within the aforesaid ten (10) day period, time being of the essence, Lessor shall be free to lease the Available Space to any party as Lessor may elect upon such terms as Lessor and any proposed tenant of the Available Space may agree upon, subject to Lessee's ROFR provided herein. If Lessee elects to lease the Available Space as aforesaid, a lease amendment shall be prepared incorporating the Available Space Lease Terms, and such lease amendment shall be executed by Lessee within fifteen (15) days of receipt thereof or Lessee's right to lease the Available Space shall, at Lessor's option, be rendered null and void. Notwithstanding any provision of this Paragraph 59 to the contrary, if Lessee elects to lease the Available Space, Lessee shall also be required to lease all remaining space within the Wing (as shown on

the Floor Plan attached to the Lease) that includes the Available Space on the Available Space Lease Terms.

60. **Base Rent Adjustment.**

The Base Rent shall be increased at a rate of three percent (3%) on a compounding basis during the Original Term as follows:

Months:	Monthly Base Rent:	
January 1, 2021 – December 31, 2021	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2022 – December 31, 2022	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2023 – December 31, 2023	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2024 – December 31, 2024	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2025 – December 31, 2025	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2026– December 31, 2026	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2027 – December 31, 2027	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2028 – December 31, 2028	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2029 – December 31, 2029	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2030 – May 31, 2030	$[REDACTED]	[Monthly Base Rent Amount]

61. **Subdivision; Foreclosure.**

(a) Starting not later than January 21, 2020, Lessor shall use commercially reasonable efforts to commence and diligently pursue a subdivision or lot split for the Project whereby the Building will, at the end of such process, be situated on a legal parcel, separate from the parcel upon which any other building within the Project is located (the "Subparcel"). The Subparcel shall either contain or have rights, via recorded CC&Rs, to utilize, not less than the required number of parking spaces as described in Paragraph 1.2(b) of the Lease. Upon accomplishing the foregoing subdivision or lot split, Lessor shall seek to re-finance the Subparcel with a lender that will execute a commercially reasonable Subordination and Non-Disturbance Agreement ("SNDA") with Lessee which provides that Lessee's possession of the Premises shall not be disturbed in the event of a foreclosure by the lender, if Lessee is not in default under the terms of this Lease. Notwithstanding the creation of a Subparcel, the terms of the Lease governing Lessee's obligation for the payment of Lessee's Share of Common Area Operating Expenses pursuant to Paragraph 4.2 of this Lease shall continue as if no such subdivision had occurred.

(b) Notwithstanding any other provision of the Lease, if Lessor shall refinance the Project after the Commencement Date (the "New Loan"), Lessor shall either: (i) deliver written assurance in the form reasonably acceptable to Lessee that this Lease shall be senior to the lien of the New Loan, or (ii) provide a commercially reasonable SNDA, reasonably acceptable to Lessee, but which does not necessarily include any reference to Lessee's cannabis use.

(c) Until such time as Lessor shall have (i) complied with either subsections (a) or (b) of this Paragraph 61, or (ii) provided an SNDA signed by the lender holding the existing loan secured by the Project, in a form reasonably acceptable to Lessee in the same manner as set forth in subsection (b)(ii), above, if Lessor's lender shall commence foreclosure proceedings relating to the entire Project, then Lessee shall have the rights contained in subsection (d) of this Paragraph 61, below.

(d) (i) If Lessee is not then in Breach of the Lease, and (ii) if Lessor has not yet cured the lender's foreclosure action, then, at any time after the twentieth (20th) day prior to the date initially set by the foreclosing lender for a sale of the Project, Lessee, or its assigns, shall have the right purchase the Project, for cash, at fair market value as determined by an appraiser mutually acceptable to Lessor and Lessee (the "Appraiser"), but for not less than the sum of $25,620.000. Lessor shall give Lessee notice of the receipt of any notice of breach and election to sell delivered by the lender with five (5) business days of Lessor's receipt thereof, and thereafter, Lessor and Lessee shall expeditiously appoint the Appraiser. Any such sale of the Project to Lessee shall be "as is where is" subject only to the receipt a standard CLTA owner's policy of title insurance showing lien free title to the Project (subject to satisfaction of the lien of the foreclosing lender in connection with such purchase).

62. **Planet 13 Guaranty**. Newtonian Principles, Inc. ("Newtonian") is in the process of

acquiring a Regulatory Safety Permit ("RSP") from the City of Santa Ana, which will permit Newtonian to sell recreational Cannabis at Units F-1 and G of the Premises subject to Applicable Law. If Newtonian acquires the RSP and the RSP is transferred to or the ownership of Newtonian is transferred to an Affiliate of Planet 13, Planet 13 shall immediately execute a guaranty to this Lease in substantially the same form as the Form of Guaranty attached hereto as Exhibit G. "Affiliate" as used in this Paragraph 62 shall mean shall mean any entity, individual, firm, or corporation, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with Planet 13.

[*Signature Page Follows*]

Acknowledged and accepted:

Lessor:

[Lessor Name]

[REDACTED]
[REDACTED]

By:/s/ [REDACTED]

Name:[REDACTED]

Title: Asset Manager

Lessee:

[Lessee Name]

[REDACTED]
[REDACTED]

By:/s/ [REDACTED]

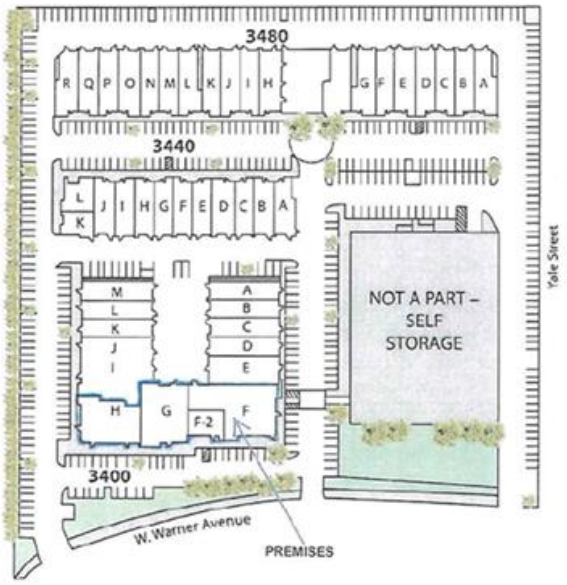
Name:[REDACTED]

Title: MANAGER

EXHIBIT C

SITE PLAN

South Coast Business Center
3400, 3440, and 3480 W. Warner Ave. Santa Ana, CA 92704



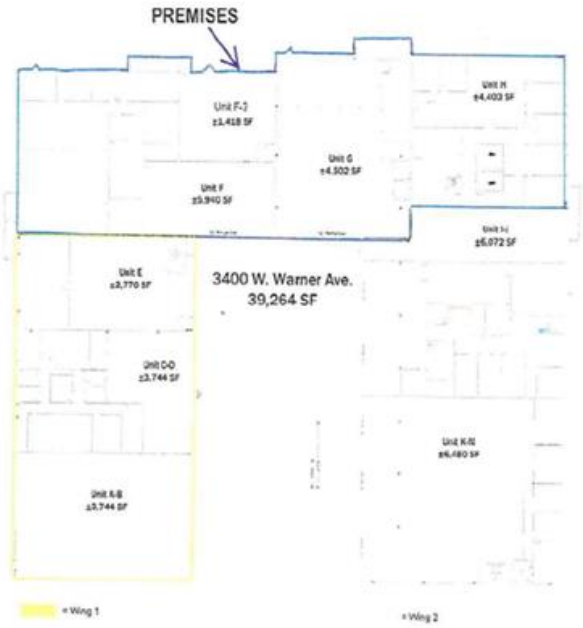
INITIALS:
[REDACTED]

INITIALS:
[REDACTED]

EXHIBIT D

FLOOR PLAN

South Coast Business Center
3400 W. Warner Ave. Units F, F-2, G & H, Santa Ana, CA 92704



INITIALS:
[REDACTED]

INITIALS:
[REDACTED]

EXHIBIT E

WORK LETTER FOR CONSTRUCTION OBLIGATIONS

1. **Defined Terms.** All capitalized terms referred to in this Work Letter not defined below shall have the same meaning as defined in the Lease, of which this Work Letter forms a part.

2. **Construction of Lessee's Work.** Lessee shall construct Lessee's Work in accordance with this Work Letter and the approved Construction Plans.

3. **Definitions.** Each of the following terms shall have the following meaning:

"Architect" shall mean a qualified architect licensed to do business in the State of California, with experience in designing and documenting projects similar in size, scope and complexity to Lessee's Work. Lessee's choice of the Architect shall be subject to Lessor's prior written approval, such approval not to be unreasonably withheld. Architect shall be employed by Lessee and all costs of Architect will be the responsibility of Lessee as part of the Lessee Work Cost.

"Construction Plans" shall mean the complete plans and specifications for the construction of Lessee's Work, which shall be in substantial compliance with the Approved Preliminary Plans, consisting of all architectural, engineering, mechanical and electrical drawings and specifications which are required to obtain all building permits, licenses and certificates from the applicable governmental authority(ies) for the construction of Lessee's Work. The Construction Plans shall be prepared by Architect, and in all respects shall be in compliance with all Applicable Laws.

"Contractor" shall mean such California licensed general contractor as Lessor and Lessee shall mutually approve, such approval not to be unreasonably withheld. Contractor shall be responsible for construction of Lessee's Work. As soon as reasonably possible following the full execution hereof, Lessee shall submit to Lessor the name of at least one (1) California licensed general contractor with substantial experience in constructing improvements of a size, nature and quality of Lessee's Work. Lessee shall provide Lessor with references for all such contractors proposed by Lessee. Within ten (10) days following Lessor's receipt of Lessee's suggested contractors and all other information regarding such contractors as Lessor shall reasonably request, Lessor shall either (i) approve one of the contractors proposed by Lessee, or (ii) disapprove of the contractors proposed by Lessee, along with a notice to Lessee of the reasons for Lessor's disapproval. In the event Lessor reasonably disapproves of the contractors proposed by Lessee, Lessee shall continue to propose qualified licensed general contractors to Lessor until Lessor approves a contractor proposed by Lessee in writing. The contractor so approved by Lessor in writing shall be deemed to be the "Contractor" hereunder and shall construct Lessee's Work.

"Lessee's Personal Property" shall mean all personal property constructed or installed in the Premises by Lessee at Lessee's expense, including Trade Fixtures, furniture, fixtures and equipment, but excluding Lessee's Work.

"Lessee's Work" shall mean all planning, design and construction of Utility Installations and Alterations, demising walls, drop ceilings (if appropriate), meeting/conference rooms, storage rooms, offices, reception areas, staging/shipping areas, sales floor, security systems, accompanying ADA work, and related work to the extent such work is (i) permanently affixed to the Premises, (ii) desired by Lessee, (iii) Substantially Complete prior to Lessee opening (including a grand opening or re-opening) the Premises, or portions thereof, for business, and (iv) excluding Lessee's Personal Property and signage. Lessee's Work is intended to encompass only the initial planning, design and construction work at the Premises in order for Lessee to open for business, regardless of whether Lessee performs such work concurrently for the entire Premises or in phases for portions of the Premises ("Phases").

"Lessee Work Cost" shall mean the costs for construction and installation of Lessee's Work, inclusive of the fees charged by Architect. The costs for construction and installation shall include, but not be limited to, the following:

(a) architectural / space planning fees and costs charged by Architect in the preparation of the Preliminary Plans, Construction Plans and/or any changes thereto;

(b) any and all other fees and costs charged by architects, engineers and consultants in the preparation of the Construction Plans, including mechanical, electrical, plumbing and structural drawings and of all other aspects of the Construction Plans, and for processing governmental applications and applications for payment, observing construction of the work, and other customary engineering, architectural, interior design and space planning services;

(c) surveys, reports, environmental and other tests and inspections of the site and any improvements thereon necessary for the construction of Lessee's Work;

(d) labor, materials, equipment and fixtures supplied by the Contractor, its subcontractors and/or material suppliers;

(e) the furnishing and installation of all HVAC duct work, terminal boxes, distributing diffusers and accessories required for completing the heating, ventilating and air conditioning system in the Premises;

(f) all electrical circuits, wiring, lighting fixtures, and tube outlets furnished and installed throughout the Premises;

(g) all floor coverings in the Premises;

(h) all fire and life safety control systems, such as fire walls, sprinklers and fire alarms, including piping, wiring and accessories installed within the Premises;

(i) all plumbing, fixtures, pipes and accessories installed within the Premises;

(j) fees charged by the city and/or county where the Project is located (including, without limitation, fees for building permits and plan checks) required for the construction of Lessee's Work in the Premises;

(k) all taxes, fees, charges and levies by governmental and quasi-governmental agencies for authorization, approvals, licenses and permits; and all sales, use and excise taxes for the materials supplied and services rendered in connection with the installation and construction of Lessee's Work;

(l) all costs and expenses incurred to comply with all laws, rules, regulations or ordinances of any governmental authority in connection with the construction of Lessee's Work; and

(m) payment to Lessor or Lessor's selected construction manager of a construction coordination fee equal to two percent (2%) of the Lessee Work Cost.

Lessee Work Costs shall not include the cost of any of Lessee's Personal Property and signage or the installation thereof, which shall be performed by Lessee at its sole cost and expense. Subject to the payment by Lessor of the Lessor's Allowance in the time and manner specified in this Work Letter, Lessee shall be solely responsible for paying all Lessee Work Costs.

"Lessor Allowance" shall mean a one-time Lessor allowance in the amount of $25.00 per rentable square foot of the Premises (based on the square footage stated on the Floor Plan attached to the Lease as Exhibit D) payable to Lessee, subject to the conditions of the Lease and this Work Letter, as reimbursement for the Lessee Work Cost and for no other purpose. For example, if Lessee's Work is Substantially Complete with respect to all Units that make up the current Premises (i.e. Units F, F-2, G and H) and the following conditions are met, the Lessor Allowance for such work shall equal $406,575.00, and if later the Lease is amended to include Units A and B of the Building as part of the Premises and Lessee's Work is Substantially Complete with respect to such Units and the following conditions are met, the Lessor Allowance for such work shall equal $93,000.00. Lessor Allowance shall be paid upon Substantial Completion of Lessee's Work, provided that (i) Lessee delivers to Landlord lien waivers and releases from Contractor, all subcontractors and material suppliers in form and content reasonably acceptable to Landlord, (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, HVAC, life-safety or other systems of the Building, or any other tenant's use of such other tenant's leased premises in the Project, and (iii) Lessee is not in Default. If any of the foregoing conditions are not met, Lessor may withhold the Lessor Allowance until such conditions are met. Notwithstanding anything to the contrary contained herein or in the Lease, in no event shall Lessor have any obligation to pay any costs or expenses incurred in connection with or arising out of Lessee's Work in excess of the Lessor's Allowance specified above. Lessor shall have no obligation to disburse all or any portion of the Lessor Allowance to Lessee or any other party unless Lessee's Work is Substantially Complete and the above stated conditions of subparagraphs (i-iii) are met on or before the end of the 365th day after the later of (i) the date Lessor provides Lessee with possession of the Premises, or (ii) the Rent Commencement Date.

"Substantial Completion", **"Substantially Complete"**, and **"Substantially Completed"** (or similar phrase): The foregoing shall mean when the following have occurred:

(a) The Lessee has delivered to Lessor a certificate from the Architect, in a form reasonably approved by Lessor, that Lessee's Work has been substantially completed in accordance with the Construction Plans, except "punch list" items which may be completed within thirty (30) days, and Lessor has approved of the work in its reasonable discretion; and

(b) Lessee has obtained from the appropriate governmental authority a final certificate of occupancy (or all building permits with all inspections approved or the equivalent) and all other approvals and permits for Lessee's Work and the Local Regulatory Permit.

4. **Space Plan for Lessee's Work.**

4.1 **Preparations by Architect.** The space plan ("Preliminary Plans") for Lessee's Work shall be prepared by Architect. Lessee and Architect shall develop and provide the Preliminary Plans to Lessor for Lessor's review and approval, which Preliminary Plans shall be submitted for each Phase.

4.2 **Review and Approval.** Lessor will either approve the Preliminary Plans in writing, or note changes to be made to the Preliminary Plans in writing, and shall provide such written approval or

proposed changes to Architect and Lessee within ten (10) business days after receipt of the Preliminary Plans from Architect. In the event changes are necessary, Architect shall make such changes following receipt of the written changes from Lessor and shall provide the revised Preliminary Plans to Lessee and Lessor for approval in writing as soon as possible thereafter, but in no event to exceed five (5) business days.

4.3 **Approved Preliminary Plans.** The Preliminary Plans which are approved by both Lessor and Lessee in writing ("Approved Preliminary Plans") shall be used by Architect to develop the Construction Plans for each applicable Phase.

5. **Construction Plans for Lessee's Work**.

5.1 **Preparation by Architect**. Within fifteen (15) business days following approval by Lessor of the Approved Preliminary Plans, Architect and Lessee shall provide Lessor with completed Construction Plans showing (i) Lessee's partition layout and the location and details; (ii) the location of telephone and electrical outlets; (iii) the location, style and dimension of any desired special lighting; (iv) the location, design and style of all doors, floor coverings and wall coverings; (v) the location, design, style and dimensions of cabinets and casework; and (vi) all details, including "cut sheets," for Lessee's Work, which shall be in conformity with the Approved Preliminary Plans. The Construction Plans shall be in a form satisfactory to appropriate governmental authorities responsible for issuing permits and licenses required for construction of Lessee's Work.

5.2 **Lessor's Review of Construction Plans for Lessee's Work**. Within five (5) business days after receipt of the Construction Plans, Lessor shall notify Lessee in writing of any changes necessary to bring the Construction Plans into substantial conformity with the Approved Preliminary Plans. If any changes requested by Lessor are reasonably necessary to bring the Construction Plans into substantial conformity with the Approved Preliminary Plans, Architect shall make such changes and provide the revised Construction Plans to Lessor for its review and approval, such approval not to be unreasonably withheld or delayed. Within five (5) business days thereafter, Lessor shall either (i) notify Lessee in writing of any changes necessary to bring the Construction Plans into substantial conformity with the Approved Preliminary Plans, or (ii) approve such revised Construction Plans. Architect shall continue to revise the Construction Plans as required by Lessor until Lessor's written approval is received. The Construction Plans approved in writing by Lessor shall be deemed the "Approved Construction Plans."

5.3 **Information Provided by Lessor**. Acceptance or approval of any plan, drawing or specification, including, without limitation, the Preliminary Plans and the Construction Plans, by Lessor shall not constitute the assumption of any responsibility by Lessor for the accuracy or sufficiency of such plans and material, and Lessee shall be solely responsible therefor. Lessee agrees and understands that the review of all plans pursuant to the Lease or this Exhibit by Lessor is to protect the interests of Lessor in the Building, and Lessor shall not be the guarantor of, nor responsible for, the correctness, completeness or accuracy of any such plans or compliance of such plans with Applicable Requirements. Any information that may have been furnished to Lessee by Lessor or others about the mechanical, electrical, structural, plumbing or geological (including soil and sub-soil) characteristics of the Building (hereinafter referred to as the "**Site Characteristics**") are for Lessee's convenience only, and Lessor does not represent or warrant that the Site Characteristics are accurate, complete or correct or that the Site Characteristics are as indicated.

5.4 **No Responsibility of Lessor**. Lessor's approval of any plans, including, without limitation, the Preliminary Plans or the Construction Plans, shall not: (i) constitute an opinion or agreement by Lessor that such plans and Lessee's Work are in compliance with all Applicable Requirements, (ii) impose any present or future liability on Lessor; (iii) constitute a waiver of Lessor's rights hereunder or under the Lease or this Exhibit; (iv) impose on Lessor any responsibility for a design and/or construction defect or fault in Lessee's Work, or (v) constitute a representation or warranty regarding the accuracy, completeness or correctness thereof.

6. **Contractor.** Lessee shall, as soon as reasonably possible, enter into a contract with the Contractor for the construction of Lessee's Work (the "Construction Contract"), for a bid price acceptable to Lessee in its sole discretion (the "Approved Bid."). The Construction Contract between Lessee and Contractor shall provide that all Lessee's Work shall be warranted by Contractor for a period not less than one (1) year, and shall provide that all such warranties are assignable to, and enforceable by, Lessor. Lessor must approve the Construction Contract before Lessee and Contractor execute the same, such approval not to be unreasonably withheld.

7. **Building Permit.** Lessee shall be responsible for obtaining a building permit ("Building Permit") for Lessee's Work. To the extent requested by Lessee, Lessor shall, at no cost or expense to Lessor, assist Lessor in obtaining the Building Permit. Lessee, the Architect or the Contractor shall submit the Approved Construction Plans to the appropriate governmental body for plan checking and a Building Permit.

8. **Change Requests.** No changes to the Approved Construction Plans requested by Lessee shall be made without Lessor's prior written approval, which approval shall not be unreasonably withheld or delayed.

9. **Payment of Additional Costs.** Following Substantial Completion of Lessee's Work and determination of the total Lessee Work Cost, to the extent the Lessee Work Cost exceeds the Lessor's

Allowance (the "Additional Costs"), and such Additional Costs have not previously been paid by Lessee pursuant to Section 10, below, Lessee shall be solely responsible for payment of such Additional Costs.

10. **Payment of Contractor.** Once Lessee and Contractor have mutually executed the Construction Contract, Lessee shall be responsible for making monthly progress payments to Contractor (the "Monthly Payment") in accordance with the Construction Contract. Lessee shall be solely responsible for paying the balance of any Monthly Payment as Additional Costs.

11. **Requirements.** All construction and installation of Lessee's Work shall be subject to strict conformity with the following requirements:

(a) Lessee shall give Lessor at least ten (10) days' prior written notice of commencement of the construction of Lessee's Work so that Lessor may post notices of non-responsibility in or upon the Premises as provided by law;

(b) All Lessee's Work shall be constructed in a skillful and workmanlike manner, consistent with the best practices and standards of the construction industry, and pursued with diligence in accordance with the Approved Construction Plans and in full accord with all Applicable Laws, regulations and ordinances, including without limitation, the Americans With Disabilities Act. All material, equipment, and articles incorporated in Lessee's Work are to be new, and of recent manufacture, and of the most suitable grade for the purpose intended;

(c) The Contractor shall maintain all of the insurance reasonably required by Lessor, including, without limitation, commercial general liability and workers' compensation insurance in the amounts specified in Paragraph 8 of the Lease, and builder's risk and course of construction insurance in an amount not less than the total Lessee Work Cost. Lessee shall provide Lessor with certificates of insurance evidencing such insurance coverage by Contractor prior to commencing the construction of Lessee's Work.

(d) Lessor may require performance and labor and material-men's payment bonds issued by a surety approved by Lessor, in a sum equal to the Lessee Work Costs, guarantying the completion of Lessee's Work free and clear of all liens and other charges in accordance with the Approved Construction Plans. Such bonds shall name Lessor as beneficiary;

(e) Construction of Lessee's Work must be performed in a manner such that it will not interfere with the quiet enjoyment of the other tenants in the Project; and

(f) At least ten (10) days prior to commencement of construction of Lessee's Work, Lessee shall deposit with Lessor an amount equal to $12.50 per square foot of the Premises (as shown on the Floor Plan attached to the Lease), or portion thereof, that will be subject to the construction of Lessee's Work ("Construction Deposit"). For example, if Lessee intends to commence construction within Units F, F-2 and G of the Premises (i.e. not H), the Construction Deposit for such work shall equal $148,250.00, and if Lessee later intends to commence construction within Unit H, the Construction Deposit for such Lessee's Work shall equal $55,037.50. The Construction Deposit shall be held by Lessor as security for Lessee's construction of Lessee's Work in accordance with this Work Letter. If Lessee (i) ceases such construction for a period of 90 days, (ii) substantially damages the Premises, Building or Project, including damages related to any mechanics liens recorded against the Premises, Building or Project (iii) Breaches the Lease and the Lease is subsequently terminated, or (iv) such construction is abandoned as determined by Lessor in its reasonable discretion, Lessor may use, apply or retain the Construction Deposit to the extent necessary to finish or unwind construction of Lessee's Work to create leasable space in the Premises for other tenants and to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor, the Premises, Building or Project may suffer or incur by reason of construction of Lessee's Work or failure thereof. Within ten (10) days after Substantial Completion of Lessee's Work, Lessor shall return that portion of the Construction Deposit corresponding to such Lessee's Work not used, applied or retained by Lessor.

12. **Liens.** Lessee shall keep the Premises, the Building and the Project from any liens arising out of any work performed, materials furnished or obligations incurred by Lessee in connection with the construction of Lessee's Work. In the event a mechanic's or other lien is filed against the Premises, Building or the Project as a result of a claim arising through Lessee or Lessee's Work, Lessor may demand that Lessee furnish to Lessor a lien release bond satisfactory to Lessor in an amount equal to at least one hundred fifty percent (150%) of the amount of the contested lien claim or demand, indemnifying Lessor against liability for the same and holding the Premises, the Building and Project free from the effect of such lien or claim. Such bond must be posted within ten (10) days following notice from Lessor. In addition, Lessor may require Lessee to pay Lessor's attorneys' fees and costs in participating in any action to foreclose such lien if Lessor shall decide it is to its best interest to do so. In any event, Lessee shall indemnify, defend, protect and hold harmless Lessor from and against any and all claims, demands, expenses, actions, judgments, damages, penalties, fines, liabilities, losses, suits, costs and fees, including, but not limited to, reasonable attorneys' fees and expenses, incurred in connection with or related to a claim arising through Lessee or Lessee's Work.

13. **Lessor's General Conditions for Lessee's Agents and Lessee's Work.** Lessee's construction of the Lessee's Work shall abide by all rules and directives made by Lessor's appointed project manager with respect to the use of freight, loading dock, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Work Letter, including, without limitation, the construction of the Lessee's Work.

EXHIBIT F

VANILLA SHELL CONDITION

Lessee shall deliver the Premises to Lessor upon move-out in the "vanilla shell" condition as stated below. Lessor expects to receive the Premises in a well maintained condition, with normal wear and tear excepted. The following list is designed to assist Lessee in the move-out procedures, but is not intended to be all inclusive.

1. All interior suite demising walls shall be returned to their original locations without pass-through openings as depicted on Exhibit "D" Floor Plan and constructed in accordance with building codes and permits.

2. All drywall sheet rock on all demising walls and interior walls shall be patched and repaired as needed and shall be repainted and finished.

3. All interior floors (except restroom floors) shall be returned to a smooth concrete finish free of glue and chemical staining and shall be stripped, repaired, skim-coated and epoxy-filled as required.

4. All roll-up truck doors, interior and exterior lighting, heating, ventilation, and air-condition units, exhaust fans, plumbing fixtures, exposed interior plumbing systems, fire life safety and emergency systems shall be in good working order and condition.

5. All interior and exterior window glass and window seals with cracks or breaks shall be replaced.

6. All structural steel columns shall be free of any structural damage.

7. All interior drop T-bar ceilings in the Premises, except for the restrooms, shall be removed at Lessor's direction. Any exposed HVAC ducts, insulation, wiring and cabling shall be secured to the ceiling.

8. Items that have been added by the Lessee and affixed to the Building will remain the property of Lessor, unless otherwise agreed in writing. These items include but are not limited to window treatments, HVAC units, electrical systems, water heaters, cabinets, and flooring.

9. All electrical systems shall be left in a safe condition that conforms to the building code. No bare wires shall be left exposed. If machinery and equipment is removed, the electrical lines should be properly terminated at the nearest junction box in accordance with building code. All electrical systems shall remain affixed to the Premises unless Lessor otherwise in writing.

10. Lessee shall provide Lessor keys for all locks at the Premises including but not limited to front doors, rear doors, and interior doors.

11. The Premises shall be returned in a broom clean condition free of any trash and debris and all inventory and racking shall be removed.

EXHIBIT G

FORM GUARANTY OF LEASE

THIS GUARANTY OF LEASE ("Guaranty") is entered into as of _____ [Lessor Name]
2019, by _____ ("Guarantor"), for the benefit of [REDACTED]
[REDACTED] ("Lessor"), with reference to the following facts:

Lessor and [REDACTED] ("Lessee"; [Lessee Name]
have entered or will enter into a lease of even date herewith (the "Lease").

By its covenants herein set forth, Guarantor has induced Landlord to enter into the Lease, which was made and entered into in consideration for Guarantor's said covenants; therefore, Guarantor agrees as follows:

Guarantor unconditionally guarantees, without deduction by reason of setoff, defense or counterclaim, to Lessor and its successors and assigns the full and punctual payment, performance and observance by Lessee, of all of the amounts, terms, covenants and conditions in the Lease contained on Lessee's part to be paid, kept, performed and observed.

If Lessee shall at any time default in the punctual payment, performance and observance of any of the amounts, terms, covenants or conditions in the Lease contained on Lessee's part to be paid, kept, performed and observed, Guarantor will pay, keep, perform and observe same, as the case may be, in the place and stead of Lessee. Guarantor shall also pay to Lessor all reasonable and necessary incidental damages and expenses incurred by Lessor as a direct and proximate result of Lessee's failure to perform, which expenses shall include reasonable attorneys' fees and interest on all sums due and owing Lessor by reason of Lessee's failure to pay same, at the maximum rate allowed by law.

Any act of Lessor, or its successors or assigns, consisting of a waiver of any of the terms or conditions of the Lease, the giving of any consent to any matter or thing relating to the Lease, or the granting of any indulgence or extension of time to Lessee may be done without notice to Guarantor and without releasing Guarantor from any of its obligations hereunder.

The obligations of Guarantor hereunder shall not be released by Lessor's receipt, application or release of any security given for the performance and observance of any covenant or condition in the Lease contained on Lessee's part to be performed or observed, nor by any modification of the Lease, regardless of whether Guarantor consents thereto or receives notice thereof.

The liability of Guarantor hereunder shall in no way be affected by: (a) the release or discharge of Lessee in any creditor's, receivership, bankruptcy or other proceeding; (b) the impairment, limitation or modification of the liability of Lessee or the estate of Lessee in bankruptcy, or of any remedy for the enforcement of Lessee's liability under the Lease resulting from the operation of any present or future provision of the Federal Bankruptcy Code or other statutes or from the decision of any court; (c) the rejection or disaffirmance of the Lease in any such proceedings; (d) the assignment or transfer of the Lease by Lessee; (e) any disability or other defense of Lessee; (f) the cessation from any cause whatever of the liability of Lessee; (g) the exercise by Lessor of any of its rights or remedies reserved under the Lease or by law; (h) the "freezing" or seizure of any of Lessee's assets; or (i) any termination of the Lease, including, without limitation, termination related to "Early Termination Conditions" as defined in the Lease.

If Lessee shall become insolvent or be adjudicated bankrupt, whether by voluntary or involuntary petition, if any bankruptcy action involving Lessee shall be commenced or filed, if a petition for reorganization, arrangement or similar relief shall be filed against Lessee, or if a receiver of any part of Lessee's property or assets shall be appointed by any court, Guarantor shall pay to Lessor the amount of all accrued, unpaid and accruing Rent (as defined in the Lease) and other charges due under the Lease to the date when the debtor-in-possession, the trustee or administrator accepts the Lease and commences paying same. At such time as the debtor-in-possession, the trustee or administrator rejects the Lease, however, Guarantor shall pay to Lessor all accrued, unpaid and accruing Rent and other charges under the Lease for the remainder of the Term (as defined in the Lease). At the option of Lessor, Guarantor shall either: (a) pay Lessor an amount equal to the Rent and other charges which would have been payable for the unexpired portion of the Term reduced to present-day value; or (b) execute and deliver to Lessor a new lease for the balance of the Term with the same terms and conditions as the Lease, but with Guarantor as tenant thereunder and with modified terms to the extent necessary to comply with applicable law. Any operation of any present or future debtor's relief act or similar act, or law or decision of any court, shall in no way affect the obligations of Guarantor or Lessee to perform any of the terms, covenants or conditions of the Lease or of this Guaranty.

Guarantor may be joined in any action against Lessee in connection with the obligations of Lessee under the Lease and recovery may be had against Guarantor in any such action. Lessor may enforce the obligations of Guarantor hereunder without first taking any action whatever against Lessee or its successors and assigns, or pursuing any other remedy or applying any security it may hold. Guarantor hereby waives all rights to assert or plead at any time any statute of limitations as relating to the Lease, the obligations of Guarantor hereunder and any surety or other defense in the nature thereof including, without limitation, the provisions of California Civil Code Section 2845 or any similar, related or successor

provision of law. Guarantor also hereby waives the provisions of Sections 2809, 2810, 2819 and 2850 of the California Civil Code and their successors, and all other waivable defenses.

Until all of the covenants and conditions in the Lease on Lessee's part to be performed and observed are fully performed and observed, Guarantor: (a) shall have no right of subrogation against Lessee by reason of any payment or performance by Guarantor hereunder; and (b) subordinates any liability or indebtedness of Lessee now or hereafter held by Guarantor to the obligations of Lessee to Lessor under the Lease.

This Guaranty shall apply to the Lease, any extension, renewal, modification or amendment thereof, to any assignment, subletting or other tenancy thereunder and to any holdover term following the Term granted under the Lease, or any extension or renewal thereof.

In the event of any litigation between Guarantor and Lessor with respect to the subject matter hereof, the unsuccessful party in such litigation shall pay to the successful party all fees, costs and expenses thereof, including reasonable attorneys' fees and expenses.

If there is more than one undersigned Guarantor, (a) the term "Guarantor", as used herein, shall include all of the undersigned; (b) each provision of this Guaranty shall be binding on each one of the undersigned, who shall be jointly and severally liable hereunder; and (c) Lessor shall have the right to join one or all of them in any proceeding or to proceed against them in any order.

Within fifteen (15) days after Lessor's written request (which requests may not be made more than once per calendar year), Guarantor shall furnish Lessor with financial statements or other reasonable financial information reflecting Guarantor's current financial condition, certified by Guarantor or its financial officer. If Guarantor is a publicly-traded corporation, delivery of Guarantor's last published financial information shall be satisfactory for purposes of this Paragraph.

Throughout the Term, the Guarantor shall maintain a Tangible Net Worth of at least $7,500,000. "Tangible Net Worth" means, as of any date, the Net Worth of Guarantor plus Affiliate Debt (if any) minus all assets of Guarantor which would be classified as intangible assets under GAAP, including but not limited to goodwill (whether representing the excess cost over book value of assets acquired or otherwise), patents, trademarks, trade names, copyrights, franchises, deferred charges, and capitalized servicing rights minus all indebtedness owing to Guarantor from (i) affiliates of Guarantor, and (ii) shareholders, members, officers or partners of Guarantor. "Net Worth" of Guarantor means, as of any date, an amount equal to al assets of Guarantor minus Guarantor's liabilities, each as determined by GAAP. "Affiliate Debt" means indebtedness of Guarantor to (i) affiliates of Guarantor, or (ii) shareholders, members, officers or partners of Guarantor.

This instrument constitutes the entire agreement between Lessor and Guarantor with respect to the subject matter hereof, superseding all prior oral and written agreements and understandings with respect thereto. It may not be changed, modified, discharged or terminated orally or in any manner other than by an agreement in writing signed by Guarantor and Lessor.

This Guaranty shall be governed by and construed in accordance with the laws of the State of California.

Every notice, demand or request (collectively "Notice") required hereunder or by law to be given by either party to the other shall be in writing. Notices shall be given by personal service or by United States certified or registered mail, postage prepaid, return receipt requested, or by telegram, mailgram or same-day or overnight private courier, addressed to the party to be served at the address indicated below or such other address as the party to be served may from time to time designate in a Notice to the other party.

Any dispute, claim or controversy arising out of or relating to the Lease or this Guaranty or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by arbitration in Orange County, California before one (1) arbitrator. Guarantor hereby consents to the jurisdiction of such county for such purposes. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. Judgment on the award may be entered in any court having jurisdiction. This clause shall not preclude Lessor or Guarantor from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction. The arbitrator shall give effect to the substantive law of the State of California, including but not limited to conflicts of law provisions, statutes of limitation, and matters pertaining to the validity of this arbitration clause. The duty to arbitrate disputes extends beyond the date of the expiration or termination of this Guaranty, and beyond the date of the fulfillment of any repayment obligations or other obligations of Lessor, Lessee and Guarantor. Lessor and Guarantor hereby waive their respective rights to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Lessor against Guarantor or Guarantor against Lessor on any matter whatever arising out of, or in any way connected with, the Lease or this Guaranty.

NOTICE: BY SIGNING BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN ABOVE PARAGRAPH DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY SIGNING BELOW YOU ARE

GIVING UP CERTAIN JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY. BY SIGNING BELOW YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTOOD THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE ABOVE PARAGRAPH TO NEUTRAL ARBITRATION.

This Guaranty may be assigned in whole or part by Lessor upon written notice to Guarantor, but it may not be assigned by Guarantor without Lessor's prior written consent, which may be withheld in Lessor's sole and absolute discretion.

The terms and provisions of this Guaranty shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and permitted assigns of the parties hereto.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the date first above written.

"GUARANTOR"

_____

By: _____
Name: _____
Its: _____

Lessor's Address for Notices:

_____
Address: _____
_____

Guarantor's Address for Notices:

_____
Address: _____
_____

With a copy to:

_____
Attn: _____
_____
_____

EXHIBIT H

(323) 750-6694
(323) 750-6697 FAX

BUILT-RITE CONSTRUCTION INC

10301 So. San Pedro Street
Los Angeles, CA 90003-4927

Job No. 2019 - 8185

General Contractor CSLB #623305 (B1-C39)

PROPOSAL AND CONTRACT

On **July 30, 2019** we propose to furnish of [REDACTED] [Lessor Name]
all materials and to perform all labor necessary to complete the following work located at
3400 Warner in the City of Santa Ana 949 294-1688

We are pleased to submit the following for re-roofing The Commercial Building at the above referenced address. Remove existing layers of roofing to sheeting and haul away same. *Check sheeting for dry rot and replace with equivalent. Dupply and install new pipe and vent flashings where applicable. Apply one layer of 28 lb. fiberglass base sheet nailed in place as per manufacturers specifications. Torch apply one layer of APP white (Title 24 Compliant)* modified bitumen mineral surfaced cap sheet to entire flat area. New roofing to extend up onto parapet walls a minimum of six inches. Cover all interior parapet walls using torch applied modified bitumen. All pipes, vents, and other roof projections to be securely sealed using white modified mastic. All trash and debris from our operations to be removed and premises left clean. Five year workmanship guarantee.
NOTE: B.R.C. to obtain building permit, owner to incur costs. Any sheeting deemed unsuitable for reuse to be replaced @ $63.00 per sheet for 4' x 8' of 1/2" struct one plywood. All HVAC equipment must be removed prior to our operations. Existing conduct on interior parapet walls must be removed prior to our operations please add $150.00 per location to install 2" X 8" wood frame curbs to accommodate existing skylites. Above proposal dose not include any detailed sheet metal work.

- All of the above work is to be completed in a substantial and workmanlike manner according to standard practices for the sum of **$168,000.00**
- Progress payments shall be made as follows: **50% DUE ON 50% COMPLETION OF JOB, BALANCE DUE ON COMPLETION.**
- The balance of the contract is to be paid **upon completion.**
- This proposal is valid until **August 30, 2019** and if accepted on or before that date, work will commence approximately **6 MONTHS** and will be substantially completed approximately in **25 DAYS** subject to delays caused by acts of God, stormy weather, uncontrollable labor trouble, or unforeseen contingencies.
- Any alteration or deviation from the above specifications, including but not limited to any such alteration or deviation involving additional material and/or labor costs, will be executed only upon a written order for same, signed by Owner and Contractor, and if there is any charge for such alteration or deviation, the additional charge will be added to the contract price of this contract.
- If any payment is not made when due, Contractor may suspend work on the job until such time as all payments due have been made. A failure to make payment for a period in excess of **30** ays from the due date shall be deemed a material breech of this contract.

Respectfully submitted. Name and Registration Number of any Sales Person who solicited or negotiated this contract

/s/ Steve Klingman
Steve Klingman

Acceptance

You are hereby authorized to furnish all materials and labor required to complete the work described in this Proposal, for which I agree to pay the contract price under the terms specified. I have read and agree to the provisions contained herein and to any attachments.
For Home Improvement Contracts only, read and sign the attachment entitled "Terms and Conditions".

Owner or Authorized Agent

Signature Date

Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint is filed within three years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

10301 So. San Pedro St. Los Angeles, CA 90003-4927 ph(323) 750-6694 fx(323) 750-6697

AIRCRE

RULES AND REGULATIONS FOR STANDARD ~~OFFICE~~ LEASE

Date: May 1, 2018
By and Between
Lessor: [REDACTED] [Lessor Name]
Lessee: [REDACTED] [Lessee Name]
Property Address: 3400 N. Warner Ave., Units F, P-2, G and H, Santa Ana, California 92704
(street address, city, state, zip)

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety and reputation of the Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Project.
4. Lessee shall not keep animals or birds within the Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the Premises or Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. ~~Lessor reserves the right to close and lock the Building on Saturdays, Sundays and Building Holidays, and on other days between the hours of _____ P.M. and _____ A.M. of the following day. If Lessee uses the Premises during such periods,~~ Lessee shall be responsible for securely locking any doors of the Premises it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, ~~customers,~~ or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.
5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.
9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.
13. Overnight parking is prohibited. All vehicles parked overnight are subject to tow.

[REDACTED] INITIALS

[REDACTED] INITIALS

FIRST AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE – NET

Dated: November 8, 2019

LESSOR:

[REDACTED] [Lessor Name]

LESSEE:

[REDACTED] [Lessee Name]

LEASED PREMISES:

3400 W. WARNER AVENUE, UNITS A, B, E, F, F-1, G, H, K, L, and M, SANTA ANA, CALIFORNIA 92704

This FIRST AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE – NET (the "Amendment") is entered into between the Lessor and Lessee, as identified above, and relates to the leased premises identified above (the "Premises"). This Amendment is entered into based on the facts contained in the Recitals, below, and on the Terms and Conditions which are also set forth below.

RECITALS

The Lessor and Lessee entered into Standard Industrial/Commercial Multi-Tenant Lease -- Net (the "Original Lease") dated May 1, 2018, which included Exhibits A through H, inclusive.

A Guaranty of Lease (the "Guaranty"), relating to the Original Lease was executed by NEWTONIAN PRINCIPLES, INC., a Delaware corporation ("Guarantor") in favor of the Lessor.

Lessee has expressed a desire to expand the space leased under the terms of the Original Lease and has agreed to pay additional rent and to pay an additional security deposit in connection therewith; Lessor and Lessee have agreed to amend the Original Lease on the terms and subject to the conditions contained herein, below.

Guarantor has agreed to continue the Guaranty in effect for the Original Lease, as amended by this Amendment, as set forth below.

Initially capitalized terms which are not otherwise identified in this Amendment shall have the meaning ascribed to them in the Original Lease.

TERMS AND CONDITIONS

NOW, THEREFORE, Lessor and Lessee agree to modify the terms of the Original Lease as follows:

1.2 (a) Premises. The Premises, as described in the Original Lease at Paragraph 1.2(a), shall be revised to include the following space: 3400 W. Warner Avenue, Units A, B, E, F, F-1, G, H, K, L, and M, Santa Ana, California. The Premises, as revised, now consists of approximately 29,257 square feet of space in a retail/industrial/business park complex. Lessor and Lessee acknowledge and agree that the portion of the Premises which was previously denominated as Unit F-2 is now known as Unit F-1 and that this change has been recognized by the City of Santa Ana. **Exhibit "C"** and **Exhibit "D"** to the Original Lease is replaced by **Exhibit "C"** and **Exhibit "D"** in the form attached hereto.

1.5 Base Rent. Paragraph 1.5 of the Original Lease shall be changed to read as follows:

[Base Rent]

"1.5 Base Rent: $[REDACTED] for the month of January, 2020, and [Base Rent] $[REDACTED] per month (the "Base Rent") for the months of February, 2020, through December, 2020. The monthly Base Rent shall be increased, by 3% per annum, cumulatively, as set forth in Paragraph 60 of this Amendment, below, commencing on January 1, 2021."

1.6 Lessee's Share of Common Area Operating Expenses. The Lessee's Share, as defined in Paragraph 1.6 of the Original Lease, shall be increased to **29.99%**.

1.7(a) Base Rent. The referenced Base Rent for the period of January 1, 2020 - January 31, 2020 shall be changed from $[REDACTED] to $[REDACTED] [Base Rent]

1.7(b) Common Area Operating Expenses. The referenced to Common Area Operating Expenses for the period of January 1, 2020 - January 31, 2020 shall be changed from $[REDACTED] to $[REDACTED]; however, the rate of $[REDACTED] per square foot remains unchanged. [Common Area Operating Expense]

1.7(c) Security Deposit. The Security Deposit amount shall be increased from $[REDACTED] to $[REDACTED] [Security Deposit Amounts]

1.7(d) Additional Amount Due. In addition to the sum of $[REDACTED] [Total Due Upon Execution of Lease] referenced in Paragraph 1.7(e), shall be increased by the amount of $[REDACTED], to account for additional Base Rent, Common Area Operating Expenses, and additional Security Deposit amounts. ($[REDACTED] + $[REDACTED] + $[REDACTED] = $[REDACTED]) This amount shall be paid by Lessee to Lessor concurrently with the exchange of signed copies of this Amendment. [Base Rent] [Common Area Operating Expense] [Security Deposit] [sum of Base Rent, Common Area Operating Expense and Security Deposit amounts]

60 Base Rent Adjustment. Paragraph 60 of the Original Lease shall be changed to read as follows:

"60. Base Rent Adjustments. The Base Rent shall be increased at a rate of three percent (3%) per annum on a compounding basis, during the Original Term as follows:

Months	**Monthly Base Rent:**	
January 1, 2021 – December 31, 2021	$[REDACTED]	[Monthly Base Rent]
January 1, 2022 – December 31, 2022	$[REDACTED]	[Monthly Base Rent]
January 1, 2023 – December 31, 2023	$[REDACTED]	[Monthly Base Rent]
January 1, 2024 – December 31, 2024	$[REDACTED]	[Monthly Base Rent]
January 1, 2025 – December 31, 2025	$[REDACTED]	[Monthly Base Rent]
January 1, 2026 – December 31, 2026	$[REDACTED]	[Monthly Base Rent]
January 1, 2027 – December 31, 2027	$[REDACTED]	[Monthly Base Rent]
January 1, 2028 – December 31, 2028	$[REDACTED]	[Monthly Base Rent]
January 1, 2029 – December 31, 2029	$[REDACTED]	[Monthly Base Rent]
January 1, 2030 – May 31, 2030	$[REDACTED]	[Monthly Base Rent]

Exhibit "E". Exhibit "E" to the Original Lease is replaced by **Exhibit "E"** in the form attached hereto.

[SIGNATURES ON NEXT PAGE]

Reaffirmation. Except as expressly amended or modified by the terms of this Amendment, the terms of the Original Lease are ratified and reaffirmed by Lessor and Lessee.

[Lessor Name]
[REDACTED]
[REDACTED]

[Lessee Name]
[REDACTED]
[REDACTED]

By: /s/ [REDACTED]
[REDACTED], Asset Manager

By /s/ [REDACTED]
[REDACTED], Manager

Revised Exhibits Attached: Exhibit C, Exhibit D and Exhibit E

REAFFIRMATION OF GUARANTY

Reaffirmation of Guaranty of Lease. The undersigned provided the Guaranty, referenced above in the Amendment. The undersigned has reviewed the Amendment and agrees that, as an inducement for Lessor to execute the Amendment, the Guaranty shall remain in full force and effect and, from and after the date hereof, and that the Guaranty shall operate as a guaranty obligations arising out of the Original Lease, as amended by this Amendment, as though the Amendment had always been a part of the Original Lease. The obligations of the undersigned Guarantor and the right of the Lessor, as provided in the Guaranty, shall be fully applicable to the Original Lease, as amended by this Amendment.

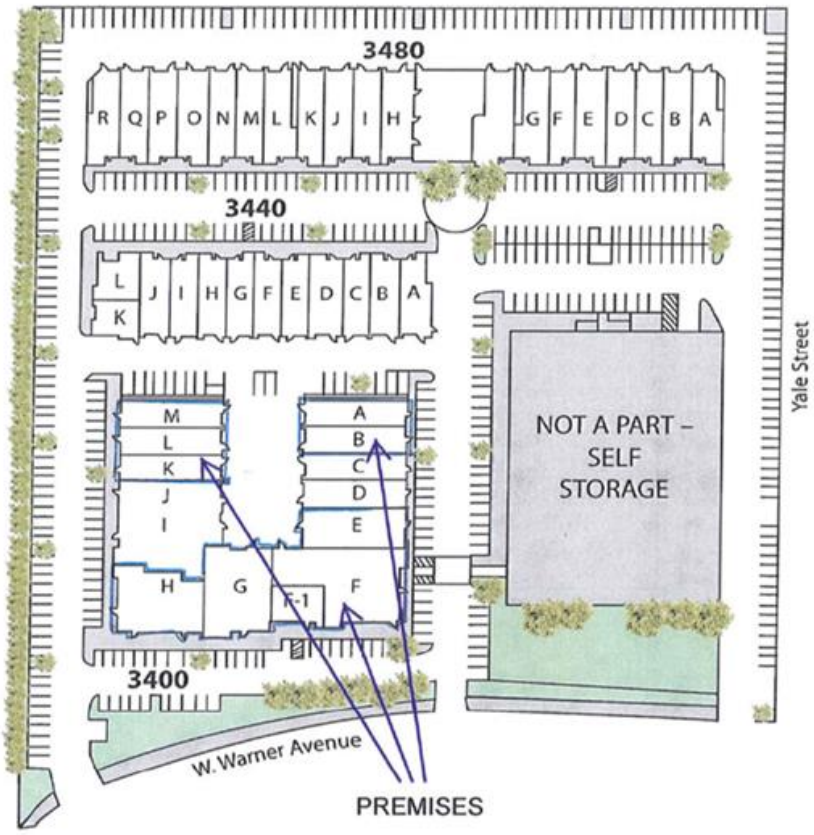
NEWTONIAN PRINCIPLES, INC., a
Delaware corporation

By: /s/ Kyle Desmet
Kyle Desmet, CEO

EXHIBIT C

SITE PLAN

South Coast Business Center
3400, 3440, and 3480 W. Warner Ave. Santa Ana, CA 92704



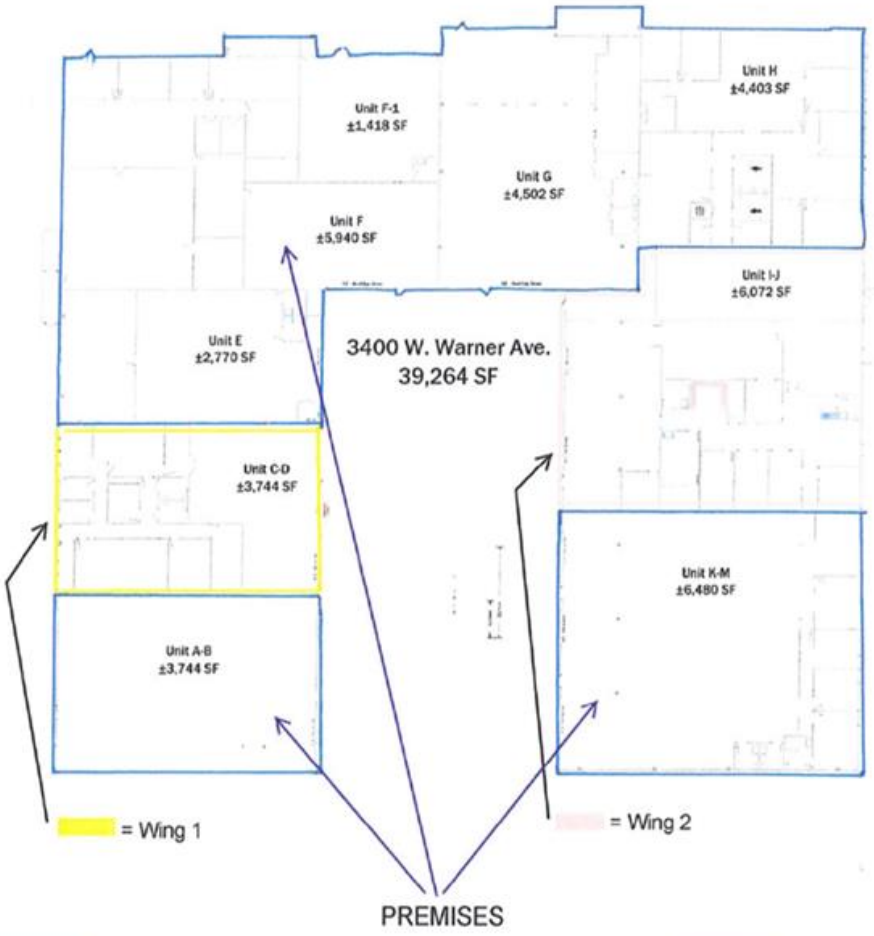
INITIALS:
[REDACTED]

INITIALS:
[REDACTED]

EXHIBIT D

FLOOR PLAN

South Coast Business Center
3400 W. Warner Ave. Units A, B, E, F, F-1, G, H, K, L
and M, Santa Ana, CA 92704



INITIALS:
[REDACTED]

INITIALS:
[REDACTED]

EXHIBIT E

WORK LETTER FOR CONSTRUCTION OBLIGATIONS

1. **Defined Terms.** All capitalized terms referred to in this Work Letter not defined below shall have the same meaning as defined in the Lease, of which this Work Letter forms a part.

2. **Construction of Lessee's Work.** Lessee shall construct Lessee's Work in accordance with this Work Letter and the approved Construction Plans.

3. **Definitions.** Each of the following terms shall have the following meaning:

"Architect" shall mean a qualified architect licensed to do business in the State of California, with experience in designing and documenting projects similar in size, scope and complexity to Lessee's Work. Lessee's choice of the Architect shall be subject to Lessor's prior written approval, such approval not to be unreasonably withheld. Architect shall be employed by Lessee and all costs of Architect will be the responsibility of Lessee as part of the Lessee Work Cost.

"**Construction Plans**" shall mean the complete plans and specifications for the construction of Lessee's Work, which shall be in substantial compliance with the Approved Preliminary Plans, consisting of all architectural, engineering, mechanical and electrical drawings and specifications which are required to obtain all building permits, licenses and certificates from the applicable governmental authority(ies) for the construction of Lessee's Work. The Construction Plans shall be prepared by Architect, and in all respects shall be in compliance with all Applicable Laws.

"Contractor" shall mean such California licensed general contractor as Lessor and Lessee shall mutually approve, such approval not to be unreasonably withheld. Contractor shall be responsible for construction of Lessee's Work. As soon as reasonably possible following the full execution hereof, Lessee shall submit to Lessor the name of at least one (1) California licensed general contractor with substantial experience in constructing improvements of a size, nature and quality of Lessee's Work. Lessee shall provide Lessor with references for all such contractors proposed by Lessee. Within ten (10) days following Lessor's receipt of Lessee's suggested contractors and all other information regarding such contractors as Lessor shall reasonably request, Lessor shall either (i) approve one of the contractors proposed by Lessee, or (ii) disapprove of the contractors proposed by Lessee, along with a notice to Lessee of the reasons for Lessor's disapproval. In the event Lessor reasonably disapproves of the contractors proposed by Lessee, Lessee shall continue to propose qualified licensed general contractors to Lessor until Lessor approves a contractor proposed by Lessee in writing. The contractor so approved by Lessor in writing shall be deemed to be the "Contractor" hereunder and shall construct Lessee's Work.

"Lessee's Personal Property" shall mean all personal property constructed or installed in the Premises by Lessee at Lessee's expense, including Trade Fixtures, furniture, fixtures and equipment, but excluding Lessee's Work.

"**Lessee's Work**" shall mean all planning, design and construction of Utility Installations and Alterations, demising walls, drop ceilings (if appropriate), meeting/conference rooms, storage rooms, offices, reception areas, staging/shipping areas, sales floor, security systems, accompanying ADA work, and related work to the extent such work is (i) permanently affixed to the Premises, (ii) desired by Lessee, (iii) Substantially Complete prior to Lessee opening (including a grand opening or re-opening) the Premises, or portions thereof, for business, and (iv) excluding Lessee's Personal Property and signage. Lessee's Work is intended to encompass only the initial planning, design and construction work at the Premises in order for Lessee to open for business, regardless of whether Lessee performs such work concurrently for the entire Premises or in phases for portions of the Premises ("Phases").

"Lessee Work Cost" shall mean the costs for construction and installation of Lessee's Work, inclusive of the fees charged by Architect. The costs for construction and installation shall include, but not be limited to, the following:

(a) architectural / space planning fees and costs charged by Architect in the preparation of the Preliminary Plans, Construction Plans and/or any changes thereto;

(b) any and all other fees and costs charged by architects, engineers and consultants in the preparation of the Construction Plans, including mechanical, electrical, plumbing and structural drawings and of all other aspects of the Construction Plans, and for processing governmental applications and applications for payment, observing construction of the work, and other customary engineering, architectural, interior design and space planning services;

(c) surveys, reports, environmental and other tests and inspections of the site and any improvements thereon necessary for the construction of Lessee's Work;

(d) labor, materials, equipment and fixtures supplied by the Contractor, its subcontractors and/or material suppliers;

(e) the furnishing and installation of all HVAC duct work, terminal boxes, distributing diffusers and accessories required for completing the heating, ventilating and air conditioning system in the Premises;

(f) all electrical circuits, wiring, lighting fixtures, and tube outlets furnished and installed throughout the Premises;

(g) all floor coverings in the Premises:

(h) all fire and life safety control systems, such as fire walls, sprinklers and fire alarms, including piping, wiring and accessories installed within the Premises;

(i) all plumbing, fixtures, pipes and accessories installed within the Premises;

(j) fees charged by the city and/or county where the Project is located (including, without limitation, fees for building permits and plan checks) required for the construction of Lessee's Work in the Premises;

(k) all taxes, fees, charges and levies by governmental and quasi-governmental agencies for authorization, approvals, licenses and permits; and all sales, use and excise taxes for the materials supplied and services rendered in connection with the installation and construction of Lessee's Work;

(l) all costs and expenses incurred to comply with all laws, rules, regulations or ordinances of any governmental authority in connection with the construction of Lessee's Work; and

(m) payment to Lessor or Lessor's selected construction manager of a construction coordination fee equal to two percent (2%) of the Lessee Work Cost.

Lessee Work Costs shall not include the cost of any of Lessee's Personal Property and signage or the installation thereof, which shall be performed by Lessee at its sole cost and expense. Subject to the payment by Lessor of the Lessor's Allowance in the time and manner specified in this Work Letter, Lessee shall be solely responsible for paying all Lessee Work Costs.

"Lessor Allowance" shall mean a one-time Lessor allowance in the amount of $25.00 per rentable square foot of the Premises (based on the square footage stated on the Floor Plan attached to the Lease as Exhibit D) payable to Lessee, subject to the conditions of the Lease and this Work Letter, as reimbursement for the Lessee Work Cost and for no other purpose. For example, if Lessee's Work is Substantially Complete with respect to Units F, F-1, G and H that make up a portion of the current Premises and the following conditions are met, the Lessor Allowance for such work shall equal $406,575.00, and if later the Lease is amended to include Units C and D of the Building as part of the Premises and Lessee's Work is Substantially Complete with respect to such Units and the following conditions are met, the Lessor Allowance for such work shall equal $93,600.00. Lessor Allowance shall be paid upon Substantial Completion of Lessee's Work, provided that (i) Lessee delivers to Landlord lien waivers and releases from Contractor, all subcontractors and material suppliers in form and content reasonably acceptable to Landlord, (ii) Landlord has determined that no substandard work exists which adversely affects the mechanical, electrical, plumbing, HVAC, life-safety or other systems of the Building, or any other tenant's use of such other tenant's leased premises in the Project, and (iii) Lessee is not in Default. If any of the foregoing conditions are not met, Lessor may withhold the Lessor Allowance until such conditions are met. Notwithstanding anything to the contrary contained herein or

in the Lease, in no event shall Lessor have any obligation to pay any costs or expenses incurred in connection with or arising out of Lessee's Work in excess of the Lessor's Allowance specified above. Lessor shall have no obligation to disburse all or any portion of the Lessor Allowance to Lessee or any other party unless Lessee's Work is Substantially Compete and the above stated conditions of subparagraphs (i-iii) are met on or before the end of the 365th day after the later of (i) the date Lessor provides Lessee with possession of the Premises, or (ii) the Rent Commencement Date.

"Substantial Completion", "**Substantially Complete"**, and "**Substantially Completed"** (or similar phrase): The foregoing shall mean when the following have occurred:

(a) The Lessee has delivered to Lessor a certificate from the Architect, in a form reasonably approved by Lessor, that Lessee's Work has been substantially completed in accordance with the Construction Plans, except "punch list" items which may be completed within thirty (30) days, and Lessor has approved of the work in its reasonable discretion; and

(b) Lessee has obtained from the appropriate governmental authority a final certificate of occupancy (or all building permits with all inspections approved or the equivalent) and all other approvals and permits for Lessee's Work and the Local Regulatory Permit.

4. **Space Plan for Lessee's Work.**

4.1 **Preparations by Architect**. The space plan ("Preliminary Plans") for Lessee's Work shall be prepared by Architect. Lessee and Architect shall develop and provide the Preliminary Plans to Lessor for Lessor's review and approval, which Preliminary Plans shall be submitted for each Phase.

4.2 **Review and Approval.** Lessor will either approve the Preliminary Plans in writing, or note changes to be made to the Preliminary Plans in writing, and shall provide such written approval or proposed changes to Architect and Lessee within ten (10) business days after receipt of the Preliminary Plans from Architect. In the event changes are necessary, Architect shall make such changes following receipt of the written changes from Lessor and shall provide the revised Preliminary Plans to Lessee and Lessor for approval in writing as soon as possible thereafter, but in no event to exceed five (5) business days.

4.3 **Approved Preliminary Plans.** The Preliminary Plans which are approved by both Lessor and Lessee in writing ("Approved Preliminary Plans") shall be used by Architect to develop the Construction Plans for each applicable Phase.

5. **Construction Plans for Lessee's Work**.

5.1 **Preparation by Architect.** Within fifteen (15) business days following approval by Lessor of the Approved Preliminary Plans, Architect and Lessee shall provide Lessor with completed Construction Plans showing (i) Lessee's partition layout and the location and details; (ii) the location of telephone and electrical outlets; (iii) the location, style and dimension of any desired special lighting; (iv) the location, design and style of all doors, floor coverings and wall coverings; (v) the location, design, style and dimensions of cabinets and casework; and (vi) all details, including "cut sheets," for Lessee's Work, which shall be in conformity with the Approved Preliminary Plans. The Construction Plans shall be in a form satisfactory to appropriate governmental authorities responsible for issuing permits and licenses required for construction of Lessee's Work.

5.2 **Lessor's Review of Construction Plans for Lessee's Work**. Within five (5) business days after receipt of the Construction Plans, Lessor shall notify Lessee in writing of any changes necessary to bring the Construction Plans into substantial conformity with the Approved Preliminary Plans. If any changes requested by Lessor are reasonably necessary to bring the Construction Plans into substantial conformity with the Approved Preliminary Plans, Architect shall make such changes and provide the revised Construction Plans to Lessor for its review and approval, such approval not to be unreasonably withheld or delayed. Within five (5) business days thereafter, Lessor shall either (i) notify Lessee in writing of any changes necessary to bring the Construction Plans into substantial conformity with the Approved Preliminary Plans, or (ii) approve such revised Construction Plans. Architect shall continue to revise the Construction Plans as required by Lessor until Lessor's written approval is received. The Construction Plans approved in writing by Lessor shall be deemed the "Approved Construction Plans."

5.3 **Information Provided by Lessor**. Acceptance or approval of any plan, drawing or specification, including, without limitation, the Preliminary Plans and the Construction Plans, by Lessor shall not constitute the assumption of any responsibility by Lessor for the accuracy or sufficiency of such plans and material, and Lessee shall be solely responsible therefor. Lessee agrees and understands that the review of all plans pursuant to the Lease or this Exhibit by Lessor is to protect the interests of Lessor in the Building, and Lessor shall not be the guarantor of, nor responsible for, the correctness, completeness or accuracy of any such plans or compliance of such plans with Applicable Requirements. Any information that may have been furnished to Lessee by Lessor or others about the mechanical, electrical, structural, plumbing or geological (including soil and sub-soil) characteristics of the Building (hereinafter referred to as the "**Site Characteristics**") are for Lessee's convenience only, and Lessor does not represent or warrant that the Site Characteristics are accurate, complete or correct or that the Site Characteristics are as indicated.

5.4 **No Responsibility of Lessor**. Lessor's approval of any plans, including, without limitation, the Preliminary Plans or the Construction Plans, shall not: (i) constitute an opinion or agreement by Lessor that such plans and Lessee's Work are in compliance with all Applicable Requirements, (ii) impose any present or future liability on Lessor; (iii) constitute a waiver of Lessor's rights hereunder or under the Lease or this Exhibit; (iv) impose on Lessor any responsibility for a design and/or construction defect or fault in Lessee's Work, or (v) constitute a representation or warranty regarding the accuracy, completeness or correctness thereof.

6. **Contractor.** Lessee shall, as soon as reasonably possible, enter into a contract with the Contractor for the construction of Lessee's Work (the "Construction Contract"), for a bid price acceptable to Lessee in its sole discretion (the "Approved Bid.") The Construction Contract between Lessee and Contractor shall provide that all Lessee's Work shall be warranted by Contractor for a period not less than one (1) year, and shall provide that all such warranties are assignable to, and enforceable by, Lessor. Lessor must approve the Construction Contract before Lessee and Contractor execute the same, such approval not to be unreasonably withheld.

7. **Building Permit.** Lessee shall be responsible for obtaining a building permit ("Building Permit") for Lessee's Work. To the extent requested by Lessee, Lessor shall, at no cost or expense to Lessor, assist Lessor in obtaining the Building Permit. Lessee, the Architect or the Contractor shall submit the Approved Construction Plans to the appropriate governmental body for plan checking and a Building Permit.

8. **Change Requests.** No changes to the Approved Construction Plans requested by Lessee shall be made without Lessor's prior written approval, which approval shall not be unreasonably withheld or delayed.

9. **Payment of Additional Costs.** Following Substantial Completion of Lessee's Work and determination of the total Lessee Work Cost, to the extent the Lessee Work Cost exceeds the Lessor's Allowance (the "Additional Costs"), and such Additional Costs have not previously been paid by Lessee pursuant to Section 10, below, Lessee shall be solely responsible for payment of such Additional Costs.

10. **Payment of Contractor.** Once Lessee and Contractor have mutually executed the Construction Contract, Lessee shall be responsible for making monthly progress payments to Contractor (the "Monthly Payment") in accordance with the Construction Contract. Lessee shall be solely responsible for paying the balance of any Monthly Payment as Additional Costs.

11. **Requirements.** All construction and installation of Lessee's Work shall be subject to strict conformity with the following requirements:

(a) Lessee shall give Lessor at least ten (10) days' prior written notice of commencement of the construction of Lessee's Work so that Lessor may post notices of non-responsibility in or upon the Premises as provided by law;

(b) All Lessee's Work shall be constructed in a skillful and workmanlike manner, consistent with the best practices and standards of the construction industry, and pursued with diligence in accordance with the Approved Construction Plans and in full accord with all Applicable Laws, regulations and ordinances, including without limitation, the Americans With Disabilities Act. All material, equipment, and articles incorporated in Lessee's Work are to be new, and of recent manufacture, and of the most suitable grade for the purpose intended;

(c) The Contractor shall maintain all of the insurance reasonably required by Lessor, including, without limitation, commercial general liability and workers' compensation insurance in the amounts specified in Paragraph 8 of the Lease, and builder's risk and course of construction insurance in an amount not less than the total Lessee Work Cost. Lessee shall provide Lessor with certificates of insurance evidencing such insurance coverage by Contractor prior to commencing the construction of Lessee's Work.

(d) Lessor may require performance and labor and material-men's payment bonds issued by a surety approved by Lessor, in a sum equal to the Lessee Work Costs, guarantying the completion of Lessee's Work free and clear of all liens and other charges in accordance with the Approved Construction Plans. Such bonds shall name Lessor as beneficiary;

(e) Construction of Lessee's Work must be performed in a manner such that it will not interfere with the quiet enjoyment of the other tenants in the Project; and

(f) At least ten (10) days prior to commencement of construction of Lessee's Work, Lessee shall deposit with Lessor an amount equal to $12.50 per square foot of the Premises (as shown on the Floor Plan attached to the Lease), or portion thereof, that will be subject to the construction of Lessee's Work ("Construction Deposit"). For example, if Lessee intends to commence construction within Units F, F-1 and G of the Premises (i.e. not other Units), the Construction Deposit for such work shall equal $148,250.00, and if Lessee later intends to commence construction within Unit H, the Construction Deposit for such Lessee's Work shall equal $55,037.50. The Construction Deposit shall be held by Lessor as security for Lessee's construction of Lessee's Work in accordance with this Work Letter. If Lessee (i) ceases such construction for a period of 90 days, (ii) substantially damages the Premises, Building or Project, including damages related to any mechanics liens recorded against the Premises, Building or Project (iii) Breaches the Lease and the Lease is subsequently terminated, or (iv) such construction is abandoned as determined by Lessor in its reasonable discretion, Lessor may use, apply or retain the Construction Deposit to the extent necessary to finish or unwind construction of Lessee's Work to create leasable space in the Premises for other tenants and to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor, the Premises, Building or Project may suffer or incur by reason of construction of Lessee's Work or failure thereof. Within ten (10) days after Substantial Completion of Lessee's Work, Lessor shall return that portion of the Construction Deposit corresponding to such Lessee's Work not used or applied by Lessor.

12. **Liens.** Lessee shall keep the Premises, the Building and the Project from any liens arising out of any work performed, materials furnished or obligations incurred by Lessee in connection with the construction of Lessee's Work. In the event a mechanic's or other lien is filed against the Premises, Building or the Project as a result of a claim arising through Lessee or Lessee's Work, Lessor may demand that Lessee furnish to Lessor a lien release bond satisfactory to Lessor in an amount equal to at least one hundred fifty percent (150%) of the amount of the contested lien claim or demand, indemnifying Lessor against liability for the same and holding the Premises, the Building and Project free from the effect of such lien or claim. Such bond must be posted within ten (10) days following notice from Lessor. In addition, Lessor may require Lessee to pay Lessor's attorneys' fees and costs in participating in any action to foreclose such lien if Lessor shall decide it is to its best interest to do so. In any event, Lessee shall indemnify, defend, protect and hold harmless Lessor from and against any and all claims, demands, expenses, actions, judgments, damages, penalties, fines, liabilities, losses, suits, costs and fees, including, but not limited to, reasonable attorneys' fees and expenses, incurred in connection with or related to a claim arising through Lessee or Lessee's Work.

13. **Lessor's General Conditions for Lessee's Agents and Lessee's Work**. Lessee's construction of the Lessee's Work shall abide by all rules and directives made by Lessor's appointed project manager with respect to the use of freight, loading dock, storage of materials, coordination of work with the contractors of other tenants, and any other matter in connection with this Work Letter, including, without limitation, the construction of the Lessee's Work.

SECOND AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL
MULTI-TENANT LEASE - NET

Dated: April 17, 2020

LESSOR:
[REDACTED] [Lessor Name]

LESSEE:
[REDACTED] [Lessee Name]

LEASED PREMISES:
3400 W. WARNER AVENUE, UNITS A, B, E, F, F-1, G, H, K, L, and M,
SANTA ANA, CALIFORNIA 92704

This SECOND AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE - NET (the "Amendment") is entered into between the Lessor and Lessee, as identified above, and relates to the leased premises identified above (the "Premises"). This Amendment is entered into based on the facts contained in the Recitals, below, and on the Terms and Conditions which are also set forth below.

RECITALS

The Lessor and Lessee entered into a Standard Industrial/Commercial Multi-Tenant Lease -- Net (the "Original Lease") dated May 1, 2018, which included Exhibits A through H, inclusive.

A Guaranty of Lease (the "Guaranty"), relating to the Original Lease was executed by NEWTONIAN PRINCIPLES, INC., a Delaware corporation ("Guarantor") in favor of the Lessor.

The Original Lease has previously been amended once, by the terms of the FIRST AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE - NET, dated November 8, 2019 (the "First Amendment") which included a reaffirmation of the Guaranty by the Guarantor.

In light of the Coronavirus Pandemic, Lessee has requested abatement in rent and Lessor is agreeable to providing such abatement on the terms and subject to the conditions contained in this Amendment.

Guarantor has agreed to continue the Guaranty in effect for the Original Lease, as amended by the terms of the First Amendment and by this Amendment, as set forth below.

Initially capitalized terms which are not otherwise identified in this Amendment shall have the meaning ascribed to them in the Original Lease.

TERMS AND CONDITIONS

NOW, THEREFORE, Lessor and Lessee agree to modify the terms of the Original Lease as follows:

1. Temporary Abatement in Base Rent. Notwithstanding other provisions of the Original Lease and the First Amendment, including, without limitation, Paragraphs 1.5 and 60, Base Rent for the period from April 1, 2020, until the *earlier of:* (a) March 31, 2021, or (b) the date when Lessee opens for business at the Premises (hereinafter the "Rent Abatement Period"), shall be revised to $[REDACTED] per month, increasing to $[REDACTED] per month on January 1, 2021. [Base Rent] [Base Rent]

If the Rent Abatement Period ends before December 31, 2020, Base Rent shall be: (a) at [Base Rent] $[REDACTED] per month for the period between the end of the Rent Abatement Period and December 31, 2020, and (b) at $[REDACTED] per month for the period through December 31, 2021. [Base Rent]

If the Rent Abatement Period ends on or after January 1, 2021, Base Rent shall be: [Base Rent] $[REDACTED] per month for the period from the end of the Rent Abatement Period through December 31, 2021.

To clarify, on or after January 1, 2022, Monthly Base Rent set forth in Paragraph 60 of the Original Lease (as modified by the First Amendment) shall resume.

2. Change in Paragraph Reference. The reference to "Paragraph 52A," found in the first line of Paragraph 51.A.I.a. of the Lease, shall be changed to "Paragraph 51A."

3. Reaffirmation. Except as expressly amended or modified by the terms of this Amendment, the terms of the Original Lease and the First Amendment are ratified and reaffirmed by Lessor and Lessee.

[*Signatures on Next Page*]

[REDACTED] [Lessor Name]

By: /s/ [REDACTED]
[REDACTED], Asset Manager

[REDACTED] [Lessee Name]

By: /s/ [REDACTED]
[REDACTED], Manager

REAFFIRMATION OF GUARANTY

Reaffirmation of Guaranty of Lease. The undersigned provided the Guaranty, referenced above in this Amendment. The undersigned has reviewed this Amendment and agrees that, as an inducement for Lessor to execute this Amendment, the Guaranty shall remain in full force and effect and, from and after the date hereof, and that the Guaranty shall operate as a guaranty obligations arising out of the Original Lease, as amended by the First Amendment and by this Amendment, as though each such amendment had always been a part of the Original Lease. The obligations of the undersigned Guarantor and the rights of the Lessor, as provided in the Guaranty, shall be fully applicable to the Original Lease, as amended by the First Amendment and by this Amendment.

NEWTONIAN PRINCIPLES, INC., a
Delaware corporation (Doing Business in
California as Moss Enterprises Group)

By: /s/ Kyle Desmet
Kyle Desmet, CEO and Secretary

THIRD AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE – NET

Dated: ~~June~~ September 8, xxx, 2020

LESSOR:

[REDACTED] [Lessor Name]

LESSEE:

BLC MANAGEMENT COMPANY, LLC, a Nevada limited liability company

LEASED PREMISES:

3400 W. WARNER AVENUE, UNITS A, B, C, D, E, F, F-1, G, H, K, L, and M
SANTA ANA, CALIFORNIA 92704

This THIRD AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE -- NET (the "Amendment") is entered into between the Lessor and Lessee, as identified above, and relates to the leased premises identified above (the "Premises"). This Amendment is entered into based on the facts contained in the Recitals, below, and on the Terms and Conditions which are also set forth below.

RECITALS

The Lessor and Lessee's predecessor, [REDACTED] [Assignor Name]
[REDACTED] (hereinafter "[REDACTED]" or "Assignor"), entered into a Standard Industrial/Commercial Multi-Tenant Lease - Net (the "Original Lease") dated May 1, 2018, which included Exhibits A through H, inclusive.

A Guaranty of Lease (the "Guaranty"), relating to the Original Lease was executed by NEWTONIAN PRINCIPLES, INC., a Delaware corporation (the "Original Guarantor") in favor of the Lessor.

The Original Lease has since been amended by: (1) The terms of the FIRST AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE

[Assignor Defined Name]

– NET, dated November 8, 2019 (the "First Amendment"), entered into between Lessor and[REDACTED], which included a reaffirmation of the Guaranty by the Original Guarantor, and (2) The terms of the SECOND AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE – NET, dated April 17, 2020 (the "Second Amendment"), entered into between Lessor and[REDACTED], which [Assignor Defined Name] included a reaffirmation of the Guaranty by the Original Guarantor.

The Original Lease, as amended by the First Amendment and Second Amendment (the "Previously Amended Lease") has been assigned by[REDACTED] to [Assignor Defined Name] BLC MANAGEMENT COMPANY, LLC, a Nevada limited liability company (hereinafter referred to as "Lessee") in accordance with the terms of the Assignment, Assumption and Consent to Assignment of Lease dated May 20, 2020, entered into by [REDACTED], [Assignor Defined Name] Lessee and Lessor (the "Assignment").[REDACTED] was not released from liability under the Previously Amended Lease by the terms of the Assignment. [Assignor Defined Name]

The Original Guarantor was not a party to the Assignment, but PLANET 13 HOLDINGS, INC., a corporation organized under the Business Corporations Act of British Columbia, Canada (the "New Guarantor") guarantied the performance of the lessee under the terms of the Previously Amended Lease, pursuant to the terms of a Guaranty of Lease dated May 20, 2020 (the "New Guaranty"), which was delivered to Lessor along with the Assignment.

Lessee has entered into an agreement with [REDACTED] to vacate [Party Name] Suite C and Suite D, which are defined above as a part of the Premises (the "New Suites"), effective as of October 1, 2020, and Lessee has agreed to take the risk that the New Suites will be delivered to Lessee as of October 1, 2020, and Lessee has agreed to start paying Lessor for such space, effective as of October 1, 2020, regardless of whether or not Lessee has gained possession of the New Suites.

Initially capitalized terms which are not otherwise identified in this Amendment shall have the meaning ascribed to them in the Previously Amended Lease.

TERMS AND CONDITIONS

NOW, THEREFORE, Lessor and Lessee agree to modify the terms of the Original Lease as follows:

1. Premises. Effective as of October 1, 2020, the Premises as defined in the Previously Amended Lease shall be changed to also include the New Suites. The New Suites, when added to the space leased under the terms of the Premises, results in the total square footage being leased by Lessee being 33,001 square feet. Lessee shall

begin paying rents on the pre-existing Premises, plus the New Suites, from and after October 1, 2020.

2. Base Rent. Base Rent due under the Lease was most recently revised in Paragraph 1 of the Second Amendment; that Base Rent shall continue in effect through September 30, 2020. Effective from and after October 1, 2020, Base Rent shall be revised and shall be payable as follows:

A. Base Rent for the period from October 1, 2020, until the *earlier of*: (i) March 31, 2021, or (ii) the date when Lessee opens for business at the Premises (hereinafter the "Rent Abatement Period"), shall be revised to to $[REDACTED]per month; [Base Rent]

B. If the Rent Abatement Period does not end on or before December 31, 2020, the Base Rent shall be revised to $[REDACTED]per month for the period from January 1, 2021 through the end of the Rent Abatement Period; [Base Rent]

C. From and after the later of the end of the Rent Abatement Period or January 1, 2021, through December 31, 2021, Base Rent shall be revised to $[REDACTED]per month; [Base Rent]

D. From and after January 1, 2022, Base Rent shall be revised as set forth in Paragraph 60, which is revised in this Amendment.

3. Lessee's Share. Lessee's Share, as defined in Section 1.6 of the Previously Amended Lease shall be increased to **33.74%** from and after October 1, 2020.

[Security Deposit Amounts]

4. Security Deposit. The Security Deposit, referenced in Section 1.7c, shall be increased from the current amount of $[REDACTED] to $[REDACTED] and Lessee shall pay the difference of $[REDACTED] to Lessor upon the exchange of signed copies of this Amendment.

5. Waiver. Lessee waives any right to any notice from Lessor of the availability of the New Suites under the terms of the Previously Amended Lease.

6. Revised Paragraph 60. The Base Rent shall be increased at a rate of three percent (3%) per annum on a compounding basis, during the remainder of the Original Term. Accordingly, Paragraph 60 as set forth in the First Amendment shall be replaced with the following:

"60. **Base Rent Adjustments.** The Base Rent shall be increased at a rate of three percent (3%) per annum on a compounding basis, during the remainder of the Original Term.

Months	**Monthly Base Rent:**	
January 1, 2022 - December 31, 2022	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2023 - December 31, 2023	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2024 - December 31, 2024	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2025 - December 31, 2025	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2026 - December 31, 2026	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2027 - December 31, 2027	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2028 - December 31, 2028	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2029 - December 31, 2029	$[REDACTED]	[Monthly Base Rent Amount]
January 1, 2030 - May 31, 2030	$[REDACTED]	[Monthly Base Rent Amount]

7. **Exhibit "C"** in the form attached to the First Amendment, shall now be deemed to include the New Suites, which are identified thereon.

8. **Reaffirmation.** Except as expressly amended or modified by the terms of this Amendment, the terms of the Previously Amended Lease are ratified and reaffirmed by Lessor and Lessee.

[Lessor Name]
[REDACTED]
[REDACTED]

BLC MANAGEMENT COMPANY, LLC,
a Nevada limited liability company

By: /s/ [REDACTED]
[REDACTED], Asset Manager

By: /s/ Robert Groesbeck
Robert Groesbeck, Manager

REAFFIRMATION OF GUARANTY

The undersigned provided the New Guaranty, referenced above in this Amendment. The undersigned has reviewed this Amendment and agrees that, as an inducement for Lessor to execute this Amendment, the New Guaranty shall remain in full force and effect and, from and after the date hereof, and that the New Guaranty shall operate as a guaranty obligations arising out of the Previously Amended Lease, as

amended by the foregoing Amendment. The obligations of the undersigned Guarantor and the rights of the Lessor, as provided in the New Guaranty, shall be fully applicable to the Previously Amended Lease, as amended by this Amendment.

PLANET 13 HOLDINGS, INC., a corporation organized under the Business Corporations Act of British Columbia, Canada

By: /s/ Larry Scheffler
Larry, Scheffler, Co-President

By: /s/ Robert Groesbeck
Robert Groesbeck, Co-President

REAFFIRMATION OF BY [REDACTED]

[Assignor Defined Name]

[Assignor Defined Name]

The undersigned, [REDACTED] was not released from liability under the Previously Amended Lease by the terms of the Assignment. The undersigned has reviewed this Amendment and agrees that, as an inducement for Lessor to execute this Amendment, [REDACTED] shall remain liable as an assignor of the Previously Amended Lease (which included rights to capture additional space under its terms), as the same has been amended by the foregoing Amendment. The obligations of the undersigned [REDACTED] [Assignor Defined Name] and the rights of the Lessor, as provided in the Previously Amended Lease, and the Assignment shall be fully applicable to the Previously Amended Lease, as amended by this Amendment.

[REDACTED]

[Assignor Name]

By: /s/ [REDACTED]
[REDACTED]. Manager

Exhibit 10.5

AGREEMENT REGARDING RELEASE OF LEASHOLD ESTATE

THIS AGREEMENT REGARDING RELEASE OF LEASEHOLD ESTATE (this "Agreement") is made and entered into on August 31, 2020, by an among LaBarre Chastang, Inc. a California corporation, d.b.a. ABC Traffic Programs ("Lessee"), and BLC Management Company, LLC, a Nevada limited liability company ("BLC").

RECITALS

A. Grove Investment Company, a California general partnership ("Lessor") and Lessee entered into that certain Standard Industrial/Commercial Multi-Tenant Gross Lease dated January 1, 2019 (the "Lease") for certain property commonly known as 3400 W. Warner Ave. (the "Building"), Units C and D, Santa Ana, California (the "Premises").

B. BLC currently occupies a portion of the Building pursuant to the Standard Industrial Commercial Multi-Tenant Lease — Net, dated November 8, 2019 between Warner Management Group, LLC a New York Limited liability company as Lessee and Lessor, including all amendments and exhibits thereto and Agreements thereto (the "Master Lease").

C. BLC desires to acquire the right to lease the Premises starting on October 1, 2020 (the "Turnover Date"), and Lessee has agreed to relocate its business from the Premises and release its interest in the Premises (but not the Lease) to Lessor, so that BLC can occupy the Premises, in consideration for the payment by BLC to Lessee of the sum of Three Hundred Fifty Thousand Dollars ($350,000.00) (the "BLC Payment").

D. Lessor is willing to consent to the release of the Premises and to add the Premises to the Master Lease, such addition starting on the Turnover Date.

E. Lessor is willing to execute an amendment of the Lease to relocate Lessee within Lessor's property, and Lessee is willing to enter into an amendment of the Lease to relocate Lessee within Lessor's property.

F. Lessor is willing to consent to a sublease of the Premises from BLC to Lessee for the period beginning on Oct. 1, 2020 and ending on December 31, 2020.

NOW, THEREFORE, in consideration of the mutual benefits and covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby mutually agreed as follows:

1. Release of Premises. In consideration for the BLC Payment, receipt of which is hereby acknowledged, effective as of the Turnover Date, Lessee hereby releases its right, title and interest in and to the Premises.

2. BLC's Representations. BLC represents to both Lessee and Lessor, that BLC is familiar with the Premises and with the improvements previously placed thereon by Lessor, Lessee and/or others; and BLC, shall accept the Premises in its "As-Is, Where-Is" condition as of the Turnover Date.

3. Waiver and Release. BLC represents, warrants and agrees that neither Lessee nor any of Lessee's shareholders, employees, representatives or agents have made any representations, warranties or covenants with respect to the condition of the Premises nor shall Lessee or any shareholders, employees, representatives or agents have any liability or responsibility to BLC or any other person or entity with respect to the condition of the Premises, other than Lessee's agreement to vacate the Premises on or before the Turnover Date. Other than for claims arising against Lessee from non-BLC parties prior to the final day that Lessee has use of the Premises through December 31, 2020, BLC hereby waives and releases Lessee and Lessee's shareholders, employees, representatives and agents from any rights, claims and causes of action it may otherwise have against Lessee or Lessee's shareholders, employees, representatives or agents.

4. Limited Consent to Agreement. Lessor has provided its limited consent to the release of the Premises described herein as set forth in the Limited Joinder executed by Lessor and attached hereto.

5. Amendment of Master Lease. Lessor and BLC hereby agree that the Master Lease shall be amended by the Third Amendment to Standard Industrial Commercial Multi-Tenant Lease — Net, dated November 8, 2019 between Lessor and BLC a true and correct copy of which is attached hereto as Exhibit A and by this reference incorporated herein, effective upon execution by the Lessor as described in the Limited Consent.

6. Amendment of Lease. Lessor and Lessee hereby agree that the Lease shall be amended by Lessor and Lessee by that First Amendment between Lessor and Lessee a true and correct copy of which is attached hereto as Exhibit B and by this reference incorporated herein, effective upon execution by the Lessor as described in the Limited Consent.

7. Sublease Agreement. Lessee and BLC hereby agree that Lessee shall enter into a Sublease Agreement for the Premises from BLC, a true and correct copy of which is attached hereto as Exhibit C and by this reference incorporated herein, effective upon execution by the Lessor as described in the Limited Consent.

8. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

9. Amendment. This Agreement may not be modified, altered or amended nor may any provision hereof or rights hereunder be waived, except by an instrument in writing signed by the Person or entity against which such modification, alteration, amendment or waiver is sought to be enforced.

10. Further Assurances. Each party hereto, at its own expense, shall execute and deliver all such instruments and take all such action as from time to time may be reasonably necessary or reasonably requested in order for each party to obtain the full benefits of this Agreement and of the rights and powers herein created.

11. Authority. Each Person executing this Agreement represents and warrants to the

parties hereto that such individual has the full right power and authority to execute this Agreement and to bind the entity on whose behalf such individual is executing this Agreement

12. Legal Costs/Attorneys' Fees. In the event any legal proceeding is instituted by a party to enforce, this Agreement, the prevailing party in such action (as determined by the arbitrator, judge, agency or other authority before which such proceeding is commenced), shall be entitled to such reasonable attorneys' fees (including, without limitation, reasonable outside counsel fees and in-house paralegals' and attorneys' time computed at similar rates), costs and expenses as may be fixed by the decision maker. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California (without regard to conflicts of law). The parties hereby irrevocably waive their respective rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement.

13. Counterpart Originals. This Agreement may be executed in counterpart originals, confirmed by email, each of which shall constitute the same agreement. Electronic signatures shall have the same effect as original signatures.

[Signatures on Next Pages]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written by their proper officers and pursuant to due and requisite company action.

LESSEE:

LaBarre Chastang, Inc. a California corporation, d.b.a. ABC Traffic Programs

By: /s/ Cherine Child
Name: Cherine Child
Its: CEO

BLC:

BLC Management Company, LLC, a Nevada limited liability company

By: /s/ Leighton Koehler
Name: Leighton Koehler
Its: Manager

LIMITED JOINDER

The undersigned GROVE INVESTMENT COMPANY, a California general partnership ("Grove"), is joining this LEASEHOLD ESTATE TRANSFER AGREEMENT (the "Transfer Agreement"), solely to indicate that, as described in Section 5, 6, and 7 of the Transfer Agreement, when the lease amendments, attached hereto as Exhibit "A" and Exhibit "B", and the sublease agreement, attached hereto as Exhibit "C" are all delivered to Grove, signed by the counter-parties thereto, Grove will counter-sign each of those and deliver a copy to the respective lessees named therein. Grove is not otherwise approving of or joining in the Transfer Agreement.

GROVE INVESTMENT COMPANY, a
California general partnership

By: /s/ Ernie Gallardo
Ernie Gallardo, Asset Manager

EXHIBIT A

THIRD AMENDMENT TO MASTER LEASE

THIRD AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL

MULTI-TENANT LEASE — NET

Dated: September 8, 2020

LESSOR:

GROVE INVESTMENT COMPANY, a California general partnership

LESSEE:

BLC MANAGEMENT COMPANY, LLC, a Nevada limited liability company

LEASED PREMISES:

3400 W. WARNER AVENUE, UNITS A, B, C, D, E, F, F-1, G, H, K, L, and M

SANTA ANA, CALIFORNIA 92704

This THIRD AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE — NET (the "Amendment") is entered into between the Lessor and Lessee, as identified above, and relates to the leased premises identified above (the "Premises"). This Amendment is entered into based on the facts contained in the Recitals, below, and on the Terms and Conditions which are also set forth below.

RECITALS

The Lessor and Lessee's predecessor, WARNER MANAGEMENT GROUP, LLC, a New York limited liability company (hereinafter "WARNER" or "Assignor"), entered into a Standard Industrial/Commercial Multi-Tenant Lease - Net (the "Original Lease") dated May 1, 2018, which included Exhibits A through H, inclusive.

A Guaranty of Lease (the "Guaranty"), relating to the Original Lease was executed by NEWTONIAN PRINCIPLES, INC., a Delaware corporation (the "Original Guarantor") in favor of the Lessor.

The Original Lease has since been amended by: (1) The terms of the FIRST AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE

— NET, dated November 8, 2019 (the "First Amendment"), entered into between Lessor and WARNER, which included a reaffirmation of the Guaranty by the Original Guarantor, and (2) The terms of the SECOND AMENDMENT TO STANDARD INDUSTRIAL / COMMERCIAL MULTI-TENANT LEASE — NET, dated April 17, 2020 (the "Second Amendment"), entered into between Lessor and WARNER, which included a reaffirmation of the Guaranty by the Original Guarantor.

The Original Lease, as amended by the First Amendment and Second Amendment (the "Previously Amended Lease") has been assigned by WARNER to BLC MANAGEMENT COMPANY, LLC, a Nevada limited liability company (hereinafter referred to as "Lessee") in accordance with the terms of the Assignment, Assumption and Consent to Assignment of Lease dated May 20, 2020, entered into by WARNER, Lessee and Lessor (the "Assignment"). WARNER was not released from liability under the Previously Amended Lease by the terms of the Assignment.

The Original Guarantor was not a party to the Assignment, but PLANET 13 HOLDINGS, INC., a corporation organized under the Business Corporations Act of British Columbia, Canada (the "New Guarantor") guarantied the performance of the lessee under the terms of the Previously Amended Lease, pursuant to the terms of a Guaranty of Lease dated May 20, 2020 (the "New Guaranty"), which was delivered to Lessor along with the Assignment.

Lessee has entered into an agreement with La Barre Chastang, Inc. to vacate Suite C and Suite D, which are defined above as a part of the Premises (the "New Suites"), effective as of October 1, 2020, and Lessee has agreed to take the risk that the New Suites will be delivered to Lessee as of October 1, 2020, and Lessee has agreed to start paying Lessor for such space, effective as of October 1, 2020, regardless of whether or not Lessee has gained possession of the New Suites.

Initially capitalized terms which are not otherwise identified in this Amendment shall have the meaning ascribed to them in the Previously Amended Lease.

TERMS AND CONDITIONS

NOW, THEREFORE, Lessor and Lessee agree to modify the terms of the Original Lease as follows:

1. Premises. Effective as of October 1, 2020, the Premises as defined in the Previously Amended Lease shall be changed to also include the New Suites. The New Suites, when added to the space leased under the terms of the Premises, results in the total square footage being leased by Lessee being 33,001 square feet. Lessee shall

begin paying rents on the pre-existing Premises, plus the New Suites, from and after October 1, 2020.

2. Base Rent. Base Rent due under the Lease was most recently revised in Paragraph 1 of the Second Amendment; that Base Rent shall continue in effect through September 30, 2020. Effective from and after October 1, 2020, Base Rent shall be revised and shall be payable as follows:

A. Base Rent for the period from October 1, 2020, until the *earlier of:* (i) March 31, 2021, or (H) the date when Lessee opens for business at the Premises (hereinafter the "Rent Abatement Period"), shall be revised to to **$49,254.00** per month;

B. If the Rent Abatement Period does not end on or before December 31, 2020, the Base Rent shall be revised to **$50,731.60** per month for the period from January 1, 2021 through the end of the Rent Abatement Period;

C. From and after the later of the end of the Rent Abatement Period or January 1, 2021, through December 31, 2021, Base Rent shall be revised to **$67,642.00** per month;

D. From and after January 1, 2022, Base Rent shall be revised as set forth in Paragraph 60, which is revised in this Amendment.

3. Lessee's Share. Lessee's Share, as defined in Section 1.6 of the Previously Amended Lease shall be increased to **33.74%** from and after October 1, 2020.

4. Security Deposit. The Security Deposit, referenced in Section 1.7c, shall be increased from the current amount of $180,000.00 to $203,000.00 and Lessee shall pay the difference of $23,000.00 to Lessor upon the exchange of signed copies of this Amendment.

5. Waiver. Lessee waives any right to any notice from Lessor of the availability of the New Suites under the terms of the Previously Amended Lease.

6. Revised Paragraph 60. The Base Rent shall be increased at a rate of three percent (3%) per annum on a compounding basis, during the remainder of the Original Term. Accordingly, Paragraph 60 as set forth in the First Amendment shall be replaced with the following:

"60. Base Rent Adjustments. The Base Rent shall be increased at a rate of three percent (3%) per annum on a compounding basis, during the remainder of the Original Term.

Months	Monthly Base Rent:
January 1, 2022 - December 31, 2022	$ 69,671.00
January 1, 2023 - December 31, 2023	$ 71,762.00
January 1, 2024 - December 31, 2024	$ 73,914.00
January 1, 2025 - December 31, 2025	$ 76,132.00
January 1, 2026 - December 31, 2026	$ 78,416.00
January 1, 2027 - December 31, 2027	$ 80,768.00
January 1, 2028 - December 31, 2028	$ 83,191.00
January 1, 2029 - December 31, 2029	$ 85,687.00
January 1, 2030 - May 31, 2030	$ 88,258.00"

7. Exhibit "C" in the form attached to the First Amendment, shall now be deemed to include the New Suites, which are identified thereon.

8. Reaffirmation. Except as expressly amended or modified by the terms of this Amendment, the terms of the Previously Amended Lease are ratified and reaffirmed by Lessor and Lessee.

GROVE INVESTMENT COMPANY, a California general partnership

/s/ Ernest Gallardo

Ernest Gallardo
Asset Manager

BLC MANAGEMENT COMPANY, LLC, a Nevada limited liability company

/s/ Robert Groesbeck

Robert Groesbeck
Manager

REAFFIRMATION OF GUARANTY

The undersigned provided the New Guaranty, referenced above in this Amendment. The undersigned has reviewed this Amendment and agrees that, as an inducement for Lessor to execute this Amendment, the New Guaranty shall remain in full force and effect and, from and after the date hereof, and that the New Guaranty shall operate as a guaranty obligations arising out of the Previously Amended Lease, as

amended by the foregoing Amendment. The obligations of the undersigned Guarantor and the rights of the Lessor, as provided in the New Guaranty, shall be fully applicable to the Previously Amended Lease, as amended by this Amendment.

PLANET 13 HOLDINGS, INC., a corporation organized under the Business Corporations Act of British Columbia, Canada

/s/ Larry Scheffler
Larry Scheffler
President

/s/ Robert Groesbeck
Robert Groesbeck
Co-President

REAFFIRMATION OF BY WARNER

The undersigned, WARNER, was not released from liability under the Previously Amended Lease by the terms of the Assignment. The undersigned has reviewed this Amendment and agrees that, as an inducement for Lessor to execute this Amendment WARNER shall remain liable as an assignor of the Previously Amended Lease (which included rights to capture additional space under its terms), as the same has been amended by the foregoing Amendment. The obligations of the undersigned WARNER and the rights of the Lessor, as provided in the Previously Amended Lease, and the Assignment shall be fully applicable to the Previously Amended Lease, as amended by this Amendment.

WARNER MANAGEMENT GROUP, LLC, a New York limited liability company

By: /s/ Sarah Sibia
Sarah Sibia
Manager

EXHIBIT B

FIRST AMENDMENT TO LEASE

EXHIBIT B

FIRST AMENDMENT TO LEASE

This FIRST AMENDMENT TO LEASE (this "Amendment") is entered into as of

August, 2020 by and between GROVE INVESTMENT COMPANY, a California general partnership ("Lessor"), and La Barre Chastang, Inc. a California corporation, d.b.a. ABC Traffic Programs ("Lessee"), based on the factual matters recited below and on the terms and condition contained herein.

RECITALS

A. Lessor and Lessee entered into that certain Standard IndustriaUCommercial Multi- Tenant Lease Gross, dated January I, 2019 (the "Lease") for certain property commonly known as 3400 W. Warner Ave. Units C and D, Santa Ana, California (the "Old Premises").

B. The parties hereto now wish to amend the Lease as of October I, 2020 (the "Effective **Date"),** to redefine the Premises, as referenced in the Lease from the Old Premises to two industrial units containing approximately 3,600 square feet of space, commonly known as 3440 W. Warner Ave. Units I and J, Santa Ana, California (the "New Premises"), to modify the Base Rent due under the terms of the Lease and to address the other matters set forth herein.

C. The Lease was guaranteed by MICHELE HUNDLEY in accordance with the terms of a Guaranty of Lease, which references the Old Premises and which was delivered concurrently with the Lease (the "Guaranty"); MICHELE HUNDLEY has agreed to reaffirm her obligations under the Guaranty as applicable to the Lease as amended by this Amendment.

NOW, THEREFORE, in consideration for the foregoing and the mutual covenants hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Recitals. The foregoing recitals arc true and correct and incorporated herein by reference.

2. Defined Terms. All capitalized terms used in the Amendment that are not defined herein shall have the meanings as defined in the Lease.

3. Change in the Premises. As of the Effective Date, Section 1.2 (a) of the Lease, which defines the Premises, is amended such that the Premises will include only the New Premises and Lessee's right to occupy the Old Premises, under the terms of the Lease, shall terminate as of Noon on October I, 2020. A Site Plan showing the New Premises is depicted on Exhibit A attached hereto, which as of the Effective Date, shall replace Exhibit C as attached to the Lease. From and after October **1,** 2020, the term "Premises" under the Lease shall mean the New Premises. Lessee shall have the right to remove its personal property, trade fixtures and the existing satellite equipment and security cameras and related equipment from the Old Premises.

4. Condition of New Premises. Lessor agrees that, notwithstanding any contrary provision of the Lease or any interpretation of any provision thereof, the representations, warranties and covenants of Lessor in the Lease, including without limitation the representations, warranties and covenants of Lessor in Sections 2.2 and 2.3 thereof, shall be applicable to the New Premises and the "Start Date" with respect to the New Premises shall be the date on which Lessor delivers exclusive possession of the New Premises to Lessee.

5. Access **to the New Premises.** Upon execution by Lessor and Lessee of this Amendment and mutual delivery, Lessee shall have access to the New Premises for purposes of building it out, at Lessee's sole cost and to Lessee's specifications; provided that, such build out is completed in accordance with plans submitted to and approved by the City of Santa Ana (the "Approved **Plans")** and permits issued by the City of Santa Ana based on the Approved Plans. Lessor shall reasonably cooperate in good faith and in a timely manner with Lessee in Lessee's pu9uit and obtaining of the approval of such plans and permits.

6. Acknowledgment of Re-Leasing. Lessee acknowledges that Lessor is leasing the Old Premises to BLC Management Company, LLC ("BLC") as of the Effective Date and that Lessee and BLC are coordinating any holdover tenancy in the Old Premises and that Lessee's obligation to pay rent on the New Premises shall commence on October 1, 2020, regardless of whether Lessee's build out of the New Premises is completed and regardless of whether or not a certificate of occupancy has been issued for the New Premises.

7. Base Rent. Commencing on the on the Effective Date, Section 1.5 of the Lease, relating to Base Rent, is amended such that the new Base Rent is $5,191.50 per month plus $216 per month as a trash fee. The new Base Rent shall then increase by three percent (3%) effective as of March 1, 2021 and annually thereafter, effective as of each successive March 1, on a compounding basis.

8. Lessee's Share of Common Area Operating Expenses. Commencing on the on the Effective Date, Lessee's Share, as set forth in Section 1.6 of the Lease shall be reduced from 3.82% to 3.68%.

9. No Third Party Rights. Except as otherwise expressly set forth herein, nothing contained in this Amendment is intended to confer upon any person or entity other than the parties and their successors.

10. Counterparts and Fax or Electronic Transmission. This Amendment may be executed in two or more counterparts, each counterpart being executed by fewer than both of the parties hereto and shall be equally effective as if a single original had been signed by all parties; but all such counterparts shall be deemed to constitute a single agreement.

11. Authority. Each Person executing this Amendment represents and warrants to the parties hereto that such individual has the full right power and authority to execute this Amendment and to bind the entity on whose behalf such individual is executing this Amendment.

12. No Change. Except as set forth herein, all of the terms and conditions of the Lease remain unchanged and in full force and effect.

13. Conflict. In case of any conflict between the terms and provisions of this Amendment and the Lease, the terms and provisions of this Amendment shall govern.

[Continue to Signature Page]

IN WITNESS WHEREOF, this Amendment has been executed as of the date first set forth above.

LESSEE: La Barre Chastang, Inc. a California corporation, d.b.a. ABC Traffic Programs

By: /s/ Cherine Child
Cherine Child, CEO

By: /s/ Michele Hundley
Michele Hundley, CFO

LESSOR: Grove Investment Company, a California general partnership

By: /s/ Ernie Gallardo
Ernie Gallardo

REAFFIRMATION OF GUARANTY

The undersigned provided the Guaranty which is referenced above in this Amendment The undersigned has reviewed this Amendment and agrees That, as an inducement for Lessor to *execute* this Amendment, the Guaranty shall remain in full force and effect from and after the date here4 and that the Guaranty shall operate as a guaranty of the obligations arising out of the Lees; as amended by the foregoing Amendment The obligations of the undersigned Guarantor and the rights of the Lessor, as provided in the Guaranty, shall be fully applicable to the Lease, as amended by this Amendment

By: /s/ Michele Hundley
Michele Hundley, an individual

EXHIBIT "A"
FLOOR PLAN

South Coast Business Center
3440 W. Warner Ave. Units I and J, Santa Ana, CA 92704

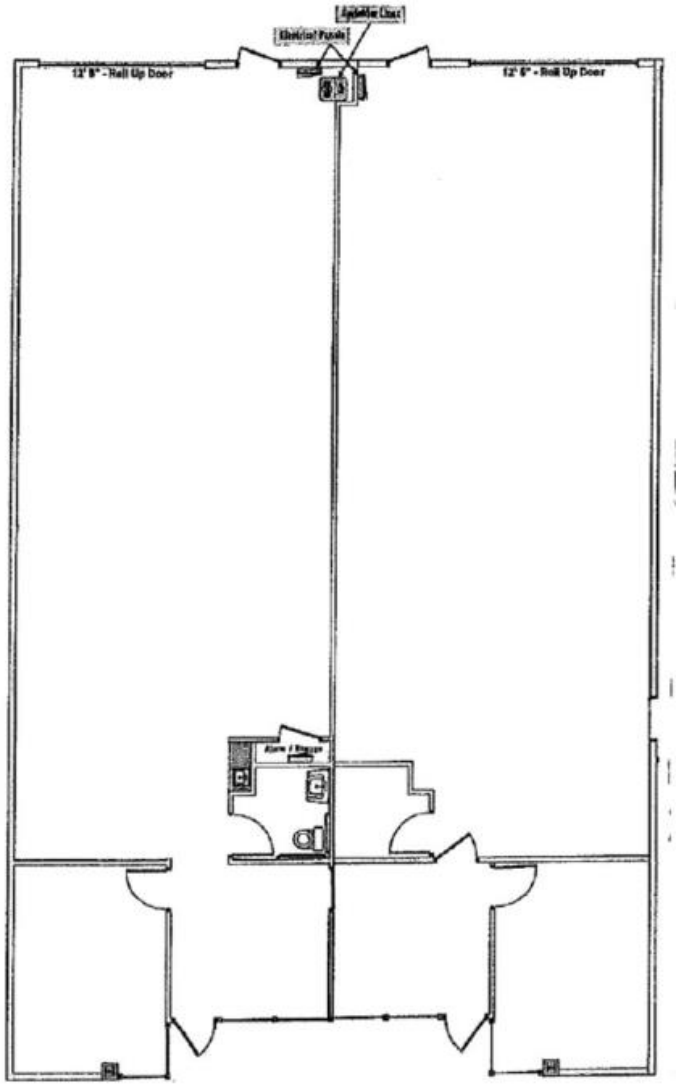
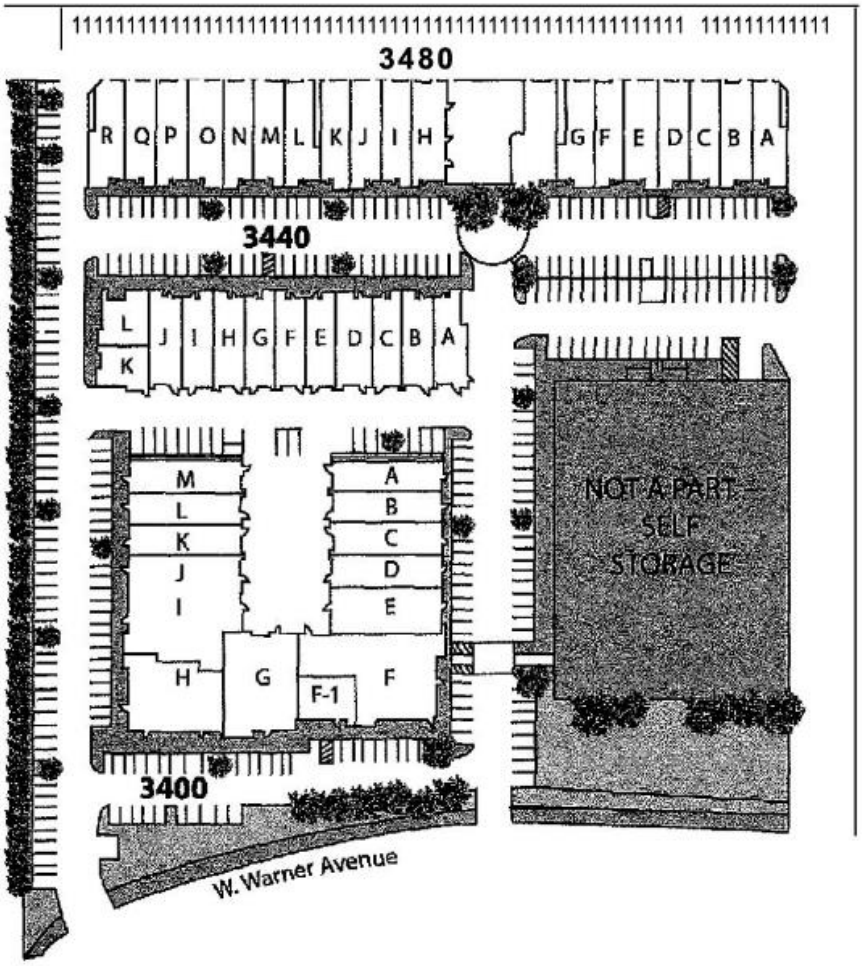


EXHIBIT "A"
SITE PLAN

South Coast Business Center



3400, 3440, and 3480 W. Warner Ave. Santa Ana, CA 92704

EXHIBIT C

SUBLEASE AGREEMENT

EXHIBIT C

Sublease Between BLC Management Company, LLC and LaBarre Chastang, Inc.

Effective Date of this Agreement: **August 31, 2020** (the "Effective Date")

This Agreement is by and between

BLC Management Company, LLC, a Nevada LLC, ("Sublessor") with a principal address of 2548 West Desert Inn Road, Suite 100, Las Vegas, NV 89109,

And

LaBarre Cbastang, Inc. dba ABC Traffic Programs ("Sublessee"), a California corporation with an address of 3440 Warner Ave., Suites C and D Santa Ana California.

Background

A. This is an agreement (this "Agreement" or this "Sublease") to sublet furnished real property, being commonly known as 3400 Warner Ave., Suites C & D, (the "Premises") according to the terms specified below.

13. Sublessee and Sublessor are herein referred to individually as a "Party" and collectively as the "Parties."

IN CONSIDERATION OF Sublessor subletting, and Sublessee renting, the Premises, both Parties agree to keep, perform and fulfill the promises, conditions and agreements below:

1. Sublease Premises and Term

Sublessor hereby subleases to Sublessee the Premises from October 1, 2020 through December 31, 2020 (the "Term"), with no option to renew this Sublease beyond December 31, 2020, and no right to remain within the Premises beyond December 31, 2020, regardless of any circumstances, whatsoever. Sublessor represents and warrants to Sublessee that Sublessor has the right to enter into this Sublease and to permit the occupancy by Sublessee of the Premises as described herein.

2. Payable Rent and Triple Net

Subject to the provisions of this Agreement, the monthly rent (the "Payable Rent") to be paid by Sublessee to Sublessor pursuant to the terms herein for the Premises is at a rate of $1.00 per month, being a total of $3.00 for the entirety o£ the Term, and for which amount Sublessor hereby acknowledges has been paid by Sublessee and received by Sublessor as of the Effective Date.

Sublessor shall receive all Payable Rent as provided in this Section 2 free and clear of any and all impositions, encumbrances, charges, obligations or expenses of any nature whatsoever in connection with Sublessee's operations at the Premises and Sublessee's subsequent relocation actions taken during the Term. In addition to the Payable Rent to be paid pursuant to this Section

2, except as expressly provided herein to the contrary, Sublessee shall pay to the parties entitled thereto all impositions, insurance premiums, operating expenses, liability claims, maintenance charges and expenses which arise prior to or during the Term and up to the extent such were payable by Sublessee pursuant to the terms of its prior lease of the Premises.

3. Representations and Warranties

Sublessee represents and warrants that it shall vacate the Premises no later than December 31, 2020.

Sublessee represents and warrants that it shall comply with all statutes, ordinances and requirements of all municipal, state and federal authorities now in force, or that may hereafter be in force, pertaining to the its business operations and its specific use of the Premises.

Sublessee represents and warrants that it shall continue insurance coverage for its activities at the Premises prior to and continuing through the Term in the amount of at least $2,000,000.

4. Condition of Premises

Sublessee acknowledges that (a) it is in possession of and is fully familiar with the condition of the Premises and, notwithstanding anything contained in this Sublease to the contrary, agrees to take the same in its condition "as is" as of the first day of the Term, and (b) Sublessor shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's continued occupancy during the Term. Furthermore, Sublessor makes no warranty or representation regarding the suitability of the Premises for the use listed in Section 7 below or for any other purpose, and hereby expressly disclaims any liability, implied or otherwise, for the suitability of the Premises for any purposes.

5. Notices and Records

Any notice that either party may or is required to give, shall be given by email [REDACTED] for BLC Management Company, LLC or to [REDACTED] for LaBarre Chastang, Inc. dba ABC Traffic Programs.

6. Termination

Sublessee may terminate this Agreement by vacating the Premises and sending written notice to Sublessor at any time during the Term.

7. Uses Permitted

Sublessee may occupy and use the Premises only for the operation and business of ABC Traffic Programs during the Term, as such business has historically been run out of the, Premises, and in such businesslike manner as previously operated.

8. Alterations

This Sublessee shall not, without first obtaining the written consent of Sublessor, make any alterations, additions, or improvements, in, to or about the Premises.

9. Assignment & Subletting

Sublessee shall not assign this Sublease or sublet any portion of the Premises.

10. Indemnification of Sublessor

Sublessee agrees to indemnify Sublessor for any claims which arise from Sublessee's use of the Premises during the Term, to include but not limited to indemnification of Sublessor for any claims involving any damage to or loss, for any reason, of property entrusted to the employees of sublessee's business or held within the Premises, any injury to or damage to persons or property resulting from any cause whatsoever, unless caused by or due to the negligence or willful misconduct of Sublessor, its agents or employees. For purposes of this indemnification provision, Sublessor shall not be liable for any latent defect in the Premises or in the building of which they are a part.

11. Default and Sublessor's Remedies

Upon Sublessee's default of Sections 2, 3, 7, 8, 9, and which default remains uncured for a period of three business days after written notice of default by Sublessor, Sublessee agrees it shall cease its use of the Premises, but not possession thereof, until the default is cured. In the event Sublessee does not cease Its use of the Premises, or within five business days of ceasing its use of the Premises Sublessee has not cured the default, then all Sublessee rights under this agreement shall terminate, but its obligations, indemnification, representations, and warranties to Sublessor shall survive.

In no event shall the three day or five day periods discussed in this Section 11 extend the Term of this Sublease beyond December 31, 2020.

12. Security Deposit

No security deposit shall be required of Sublessee for the Premises.

13. Waiver

No failure of Sublessor or Sublessee to enforce any term of this Agreement shall be deemed to be a waiver,

14. Heirs, Assigns & Successors

This Agreement is binding upon and inures to the benefit of the heirs, assigns and successors in interest to the parties.

15. Authority of Parties/Signatories

Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement on behalf of their respective corporation, sole proprietorship, partnership or other entity. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

16. Severability

If any provision of this Agreement is found invalid or unenforceable under judicial decree or decision, the remainder shall remain valid and enforceable according to its terms. Without limiting the previous, it is expressly understood and agreed that each and every provision of this Agreement that provides for a limitation of liability, disclaimer of warranties, or exclusion of damages is intended by the Parties to be severable and independent of any other provision and to be enforced as such. Further, it is expressly understood and agreed that if any remedy under this Agreement is determined to have failed of its essential purpose, all other limitations of liability and exclusion of damages set forth in this Agreement shall remain in full force and effect.

17. Governing Law

This Agreement shall be governed by the laws of the State of California,

18. Entire Agreement

The Parties acknowledge that this Agreement expresses their entire understanding and agreement as to the three month sublease of the Premises, and that there have been no warranties, representations, covenants or understandings made by either party to the other, regarding this Sublease, except such as are expressly set forth in this agreement.

Understood, Agreed & Approved

The Parties have carefully reviewed this contract and agree to and accept all of its terms and conditions. The Parties hereto execute this Agreement as of the Effective Date above.

Signatures on following page.

Sublessee	Sublessor
LaBarre Chastang, Inc. dba ABC Traffic Programs	BLC Management Company, LLC
/s/ Cherine Child	/s/ Leighton Koehler
Cherine Child CEO August 31, 2021	Leighton Koehler Manager August 31, 2021

Exhibit 10.6

PLANET 13 HOLDINGS INC.

2018 Stock Option Plan

Approved by the Shareholders on May 22, 2018

ARTICLE 1
GENERAL PROVISIONS

1.1 Interpretation

(a) For the purposes of the Plan, the following terms have the following meanings:

"**Affiliate**" means an affiliate of the Company within the meaning of Section 1.3 of NI 45- 106;

"**Associate**" has the meaning set out in Section 2.22 of NI 45-106;

"**Board**" means the board of directors of the Company or if established and duly authorized to act, a committee appointed for such purpose by the board of directors of the Company to administer the Plan;

"**CSE**" means the Canadian Securities Exchange; and

"**Change of Control**" means the occurrence of any one or more of the following events:

(i) the Company is not the surviving entity in a merger, amalgamation or other reorganization (or survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company);

(ii) the Company sells, leases or exchanges assets representing more than 50% of the fair market value of its assets to any other person or entity (other than an Affiliate of the Company);

(iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;

(iv) any person, entity or group of persons or entities acting jointly or in concert (the "Acquiror") acquires, or acquires control (including, without limitation, the power to vote or direct the voting) of, for the first time, voting securities of the Company which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or affiliates of the Acquiror to cast or direct the casting of 40% or more of the votes attached to all of the Company's outstanding voting securities which may be cast to elect directors of the Company or the successor company (regardless of whether a meeting has been called to elect directors) and as a result of such acquisition of control, directors of the Company holding such office immediately before such acquisition of control shall not constitute a majority of the Board;

(v) as a result of or in connection with: (A) the contested election of directors or (B) a transaction referred to in paragraph (i) above, the nominees named in the most recent management information circular of the Company for election to the board of directors of the Company shall not constitute a majority of the Board; or

(vi) the Board adopts a resolution to the effect that a Change of Control has occurred or is imminent.

For the purposes of the text above, "voting securities" means common shares of the Company and any other shares entitled to vote for the election of directors, and shall include any securities, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but which are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities;

"**Company**" means Planet 13 Holdings Inc., and includes any successor to Planet 13 Holdings Inc.;

"**Eligible Contractor**" means a person who is not an employee, officer or director of the Company that:

(i) is engaged to provide on a *bona fide* basis consulting, technical, management or other services to the Company or any Affiliate under a written contract with the Company or the Affiliate;

(ii) in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate; and

(iii) who otherwise qualifies as a "consultant" under section 2.22 of NI 45-106;

"**Eligible Person**" means, subject to all applicable laws, (A) in respect of any grant of Options by the Company, any director, employee, officer or Eligible Contractor of (i) the Company or (ii) any Affiliate (and includes any such person (other than an Eligible Contractor) who is on a leave of absence authorized by the Board or the board of directors of any Affiliate), and (B) in respect of any assignment of Options by a person in (A) above pursuant to Section 2.5, means any Permitted Assign of such person as the context requires;

"**Exchange**" means the CSE or such other stock exchange or quotation system on which the Shares are listed or quoted from time to time;

"**Exchange Rate**" means the noon spot rate published by the Bank of Canada on the date the Option is granted;

"**Holding Entity**" has the meaning set out in Section 2.22 of NI 45-106;

"**ISO**" means an Option granted to a US Participant that is intended to qualify as an "incentive stock option" within the meaning of section 422 of the IRS Code;

"**Insider**" means any officer, director or other "insider" as defined by the Toronto Stock Exchange Company Manual, from time to time;

"**IRS Code**" means the United States Internal Revenue Code of 1986, as amended and the regulations and other guidance issued under the code;

"**Market Price**" means the greater of the closing Market Price of the Shares on the CSE on: (a) the trading day prior to the date of grant of the Options; and (b) the date of grant of the Options. In the event that the Shares are not then listed and posted for trading on an Exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion;

"**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions*, as may be amended or replaced from time to time;

"**NQSO**" means any Option granted to a US Participant that is not an ISO;

"**Option**" means an option to purchase Shares granted to an Eligible Person pursuant to the terms of the Plan;

"**Participant**" means an Eligible Person to whom an Option has been granted;

"**Permitted Assign**" means:

(i) a Holding Entity of a Participant; or

(ii) a RRSP, RRIF or TFSA of a Participant;

"**Plan**" means this 2018 stock option plan of the Company, as it may be amended from time to time;

"**Resignation**" means the cessation of board membership by a director, or employment (as an officer or employee) of the Participant with the Company or an Affiliate as a result of resignation;

"**Retirement**" means the Participant ceasing to be an employee, officer or director of the Company or an Affiliate after attaining a stipulated age in accordance with the Company's normal retirement policy or earlier with the Company's consent;

"**Retirement Date**" means the date on which a Participant satisfies the conditions for Retirement, as agreed between the Participant and the Company;

"**RRIF**" means a trust governed by a "registered retirement income fund" as defined in the *Income Tax Act* (Canada);

"**RRSP**" means a trust governed by a "registered retirement savings plan" as defined in the *Income Tax Act* (Canada);

"**Share Unit Plan**" means the Company's Share Unit Plan; "**Shares**" means the common shares in the capital of the Company; "**Shareholder**" means a holder of Shares;

"**Subsidiary**" means a "subsidiary corporation", whether now or hereafter existing, as defined in section 424(f) of the IRS Code;

"**10% Shareholder**" means a US Participant who, at the time an ISO is granted, owns securities representing more than 10% of the voting power of all classes of shares of the Company or any Subsidiary, taking into account the attribution rules under section 424(d) of the IRS Code;

"**Termination Date**" means the date on which the Participant ceases to be an Eligible Person subject to section 2.6(b): (i) in the case of a director, the Termination Date occurs on the termination of board membership of the director by the Company or any Affiliate, the failure to re-elect or re-appoint the individual as a director of the Company or an Affiliate or the date of his Resignation, other than through Retirement; (ii) in the case of an employee, the Termination Date occurs on the date of termination of the employment of the employee, indicated in the Company's notice of termination, with or without cause, as the context requires by the Company or an Affiliate, or the effective date of his Resignation, other than through Retirement, or in the case of an officer, upon removal of or failure to re-elect or re-appoint the individual as an officer of the Company or an

Affiliate, or the effective date of his Resignation, other than through Retirement, (iii) in the case of an Eligible Contractor, the date of termination of the services of the Eligible Contractor;

"**TFSA**" means a trust governed by a "tax-free savings account" as described in the *Income Tax Act* (Canada); and

"**US Participant**" means a Participant that is subject to federal income tax in the United States of America pursuant to the IRS Code and any relevant tax convention.

(b) In the Plan, words imparting the singular number only shall include the plural and vice versa and words imparting the masculine shall include the feminine.

(c) The Plan and all matters to which reference is made in the Plan shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the applicable laws of Canada.

1.2 Purpose

The purpose of the Plan is to advance the interests of the Company by:

(a) providing Eligible Persons with additional incentive;

(b) encouraging equity ownership in the Company by such Eligible Persons;

(c) increasing the proprietary interest of Eligible Persons in the success of the Company;

(d) encouraging Eligible Persons to remain with the Company or its Affiliates; and

(e) attracting new directors, employees, officers and service providers.

1.3 Administration

(a) The Plan shall be administered by the Board and the Board shall have full authority to administer this Plan, including the authority to interpret and construe any provision of the Plan and to adopt, amend and rescind such rules and regulations for administering the Plan as the Board may deem necessary in order to comply with the requirements of the Plan.

(b) Subject to the limitations of the Plan, the Board shall have the authority to:

(i) grant Options;

(ii) determine the terms, limitations, restrictions, vesting requirements and conditions respecting Option granted;

(iii) interpret the Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it shall from time to time deem advisable subject to required prior approval by any applicable regulatory authority or Shareholders;

(iv) add a cashless exercise feature to the Plan; and

(v) make all other determinations and take all other actions in connection with the implementation and administration of the Plan.

(c) The Board's guidelines, rules, regulations, interpretations and determinations pursuant to or relating to the Plan shall be conclusive and binding upon the Company and all other persons, including without limitation all Participants. No member of the Board or any person acting pursuant to the authority delegated by it under the Plan shall be personally liable for any action or determination in connection with the Plan made or taken in good faith.

1.4 Shares Reserved

(a) The aggregate number of Shares which may be reserved for issuance under the Plan and all other security based compensation arrangements of the Company (including the Share Unit Plan) shall not exceed 10% of the Shares (on a non-diluted basis) issued and outstanding from time to time. No fractional Shares shall be issued and the Board may determine the manner in which fractional share values shall be treated. If any Options granted under the Plan are cancelled or terminated in accordance with the Plan without being exercised then the Shares subject to those Options will again be available to be granted under the Plan.

(b) For greater certainty, any increase in the issued and outstanding Shares will result in an increase in the available number of the Shares issuable under the Plan, and exercises of Options will make new grants available under the Plan.

(c) The maximum number of Shares which may be reserved for issuance to any one person under the Plan shall be 5% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis) less the aggregate number of Shares reserved for issuance to such person under any other security based compensation arrangements of the Company.

(d) If there is a change in or substitution or exchange of the outstanding Shares by reason of any stock dividend or split, recapitalization, merger, amalgamation, arrangement, consolidation, reorganization, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval (if required) of the relevant Exchange(s), appropriate substitution or adjustment in:

(i) the number or kind of securities reserved for issuance pursuant to the Plan; and

(ii) the number or kind of securities subject to unexercised Options granted and the option exercise price of such securities; provided however that no substitution or adjustment shall obligate the Company to issue or sell fractional securities.

(e) The Company shall at all times during the term of the Plan reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

1.5 Limits with respect to Insiders

(a) The maximum number of Shares issuable to Insiders under the Plan and any other security based compensation arrangements of the Company shall be 10% of the Shares issued and outstanding at the time of the grant (on a non-diluted basis).

(b) The maximum number of Shares which may be issued to Insiders under the Plan and any other security based compensation arrangements of the Company within a 12 month period shall be 10% of the Shares, issued and outstanding at the time of the issuance (on a non- diluted basis).

1.6 Non-Exclusivity

Nothing contained in the Plan shall prevent the Board from maintaining or adopting other or additional compensation arrangements, subject to any required approvals.

1.7 Amendment or Termination

(a) Subject to Section 1.7(b) below, the Board may at any time, and from time to time, and without Shareholder approval amend any provision of the Plan, or the terms of any Options granted, or terminate the Plan, subject to any applicable regulatory or Exchange requirements or approvals at the time of such amendment or termination, including, without limitation, making amendments:

(i) to Section 2.3 relating to the exercise of Options, including by the inclusion of a cashless exercise feature;

(ii) deemed by the Board to be necessary or advisable because of any change in applicable securities laws or other laws;

(iii) to the definitions set out in Section 1.1;

(iv) to the Change of Control provisions provided for in Section 3.1;

(v) to Section 1.3 relating to the administration of the Plan;

(vi) to the vesting provisions of any outstanding Options;

(vii) to postpone or adjust any exercise of any Option or the issuance of any Shares pursuant to the Plan as the Board in its discretion may deem necessary in order to permit the Company to effect or maintain registration of the Plan or the Shares issuable pursuant to the Plan under the securities laws of any applicable jurisdiction, or to determine that the Shares and the Plan are exempt from such registration; and

(viii) fundamental or otherwise, not requiring Shareholder approval under applicable laws or the rules of an Exchange, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the Options granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Person may from time to time be resident or a citizen.

(b) Notwithstanding Section 1.7(a), the Board shall not be permitted to amend the following without first having obtained the approval of a majority of the holders of the Shares voting at a duly called and held meeting of Shareholders and, in the case of an amendment to Section 1.5 so as to increase the Insider participation limits, approval of a majority of the Shareholders voting at a duly called and held meeting of Shareholders excluding shares voted by Insiders who are Eligible Persons:

(i) Section 1.4(a) in order to increase the maximum number of Shares which may be issued under the Plan or Section 1.5 so as to increase the Insider participation limits;

(ii) Section 2.2 or this Section 1.7 so as to increase the ability of the Board to amend the Plan without Shareholder approval;

(iii) the definitions of "Eligible Person" and "Permitted Assigns";

(iv) subject to Section 1.4(d), the exercise price of any Option issued under the Plan where such amendment reduces the exercise price of such Option (for this purpose, a cancellation or termination of an Option of a Participant prior to its expiry for the purpose of re-issuing Options to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Option);

(v) to Section 2.5 relating to the transferability of Options; or

(vi) the term of any Option issued under the Plan.

(c) Any amendment or termination of an Option shall not materially and adversely alter the terms or conditions of any Option or materially and adversely impair any right of any Participant under any Option granted before the date of any such amendment or termination without the consent of such Participant, except as otherwise required by law or as provided in the Plan.

(d) If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules adopted by the Board and in force at such time, will continue in effect as long as any Options under the Plan or any rights pursuant thereto remain outstanding. However, notwithstanding the termination of the Plan, the Board may make any amendments to the Plan or Options it would be entitled to make if the Plan were still in effect.

1.8 Compliance with Legislation

The Plan, the grant and exercise of Options under the Plan and the Company's obligation to sell and deliver Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obligated by any provision of the Plan or the grant of any Option under the Plan to issue Shares in violation of such laws, rules and regulations or any condition of such approvals. In addition, the Company shall have no obligation to issue any Shares pursuant to the Plan unless such Shares shall have been duly listed with the Exchange. The Company shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for issuances of such Shares in compliance with applicable laws and for the admission to listing of such Shares on the Exchange. Shares issued and sold to Participants may be subject to limitations on sale or resale under applicable securities laws.

ARTICLE 2
OPTIONS

2.1 Grants

(a) Subject to the provisions of the Plan, the Board shall have the authority to determine the terms, limitations, restrictions and conditions, if any, applicable to the vesting or to the exercise of an Option, including without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Shares acquired upon exercise of the Option, and the nature of the events, if any. An Eligible Person may receive Options on more than one occasion under the Plan and may receive separate Options on any one occasion. In addition (and without limitation to the preceding text), at the sole discretion of the Board, at the time of the grant, Options may be made subject to any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time (e.g. to address matters such as fraud, or other significant misconduct of a Participant).

(b) The award of an Option to an Eligible Person at any time shall neither entitle such Eligible Person to receive nor preclude such Eligible Person from receiving a subsequent Option.

(c) Options may be granted so that they qualify as ISOs under section 422 of the IRS Code in accordance with the requirements and limitations in Section 4.3 below.

(d) Each Option shall be confirmed by an option agreement (electronic or otherwise) as prescribed by the Board from time to time. Subject to specific variations approved by the Board in respect of any Options all terms and conditions set out in the Plan will be incorporated by reference into and form part of any Option granted under the Plan.

2.2 Option Exercise Price

(a) The Board will establish the exercise price of an Option at the time each Option is granted based on the terms set out under Section 2.2(b).

(b) Subject to Section 4.3(e), the exercise price of an Option as established by the Board pursuant to Section 2.2(a) will not be less than the Market Price.

2.3 Exercise of Options

(a) Options granted must be exercised no later than five years after the date of grant or such lesser period as the Board may approve. In the event that any Option expires during, or within 48 hours after a Company-imposed blackout period on the trading of securities of the Company, such expiry will become the tenth day after the end of the blackout period. A minimum of 100 Shares must be purchased by a Participant upon exercise of Options at any one time (or, if less the remainder of Shares available for purchase pursuant to all Options granted to such Participant).

(b) The exercise price (and any applicable withholding taxes) of each Option to purchase Shares shall be paid in full by the Participant by certified cheque, or in another manner deemed acceptable to the Company, at the time of such exercise, and upon receipt of payment in full, but subject to the terms of the Plan and the related option agreement, the number of Shares in respect of which the Option is exercised shall be duly issued as fully paid and non-assessable.

(c) Subject to the provisions of the Plan and the related option agreement, an Option may be exercised from time to time as advised by the Company from time to time and upon payment in full of the Option exercise price of the Shares to be purchased and any applicable withholding taxes. Certificates for such Shares shall be issued and delivered to the Participant within a reasonable period of time following the receipt of such notice and payment but in any event not exceeding five business days.

2.4 Withholding Taxes

For certainty and notwithstanding any other provision of the Plan, the Company or any Affiliate may take such steps as it considers necessary or appropriate for the deduction or withholding of any income taxes or other amounts which the Company or any Affiliate is required by any law or regulation of any governmental authority whatsoever to deduct or withhold in connection with any Share issued pursuant to the Plan, including, without limiting the generality of the foregoing, (a) withholding of all or any portion of any amount otherwise owing to a Participant; (b) the suspension of the issue of Shares to be issued under the Plan, until such time as the Participant has paid to the Company or any Affiliate an amount equal to any amount which the Company or Affiliate is required to deduct or withhold by law with respect to such taxes or other amounts together with the exercise price for the Shares; and/or (c) withholding and causing to be sold, by it as a trustee on behalf of a Participant, such number of Shares as it determines to be necessary to satisfy the withholding obligation. By participating in the Plan, the Participant consents to any such sale and authorizes the Company or any Affiliate, as applicable, to effect the sale of such Shares on behalf of the Participant and to remit the appropriate amount to the applicable governmental authorities. Neither the Company nor any applicable Affiliate shall be responsible for obtaining any particular price for the Shares nor shall the Company or any applicable Affiliate be required to issue any Shares under the Plan unless the Participant has made suitable arrangements with the Company and any applicable Affiliate to fund any withholding obligation.

2.5 Transfer of Options

(a) Subject to Section 2.5(b), Options shall be non-assignable and non-transferable by the Participants otherwise than by will or the laws of descent and distribution, and shall be exercisable only by the Participant during the lifetime of the Participant and only by the Participant's legal representative after death of the Participant in accordance with the Plan.

(b) Notwithstanding Section 2.5(a), Options may, with the prior approval of the Board, be assigned by a Participant to a Permitted Assign of such Participant, following which such Options shall be non-assignable and non-transferable by such Permitted Assign, except, with the prior approval of the Board, to another Permitted Assign, otherwise than by will or the laws of descent and distribution, and shall be exercisable only by such Permitted Assign during the lifetime of such Permitted Assign and only by such Permitted Assign's legal representative after death of such Permitted Assign in accordance with the Plan. Notwithstanding the foregoing, an ISO may not be transferred or assigned in any manner other than (i) by will or the laws of descent and distribution or (ii) to the extent required by a domestic relations order. An improper transfer of any Options will not create any rights in the purported transferee, will cause the immediate termination of the Options, and the Company will not issue any Shares upon the attempted exercise of improperly transferred Options.

2.6 Termination, Retirement or Death

(a) Except as otherwise determined by the Board and subject to the limitation that Options may not be exercised later than five years from their date of grant:

(i) if a Participant ceases to be an Eligible Person for any reason whatsoever other than death, Retirement or termination for cause, each vested Option held by the Participant will cease to be exercisable 90 days after the Termination Date, or in accordance with the Participant's employment agreement that was previously approved by the Board or such longer period as determined by the Board; for greater certainty, such determination may be made at any time subsequent to the date of grant of Options, but none will be outstanding for a period that exceeds the expiry date of the Option. If any portion of an Option is not vested by a Participant's Termination Date, that portion of the Option may not be exercised by the Participant unless the Board determines otherwise.

(ii) If a Participant ceases to be an Eligible Person because his relationship with the Company or an Affiliate is terminated by the Company or the Affiliate, as applicable, for cause, his Options shall cease to be exercisable immediately upon such termination on the Termination Date.

(iii) if a Participant retires, upon such Retirement the Participant's unvested Options will vest on his or her Retirement Date and the Participant may exercise these Options within 180 days following his or her Retirement Date or such longer period as determined by the Board, for greater certainty such determination may be made at any time after the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of such Option; and (ii) 12 months following the Retirement Date of the Participant.

(iv) If a Participant dies, upon such death the Participant's Options will immediately vest and the legal representative of the Participant may exercise the Participant's Options within 180 days following the death of the Participant or such longer period as determined by the Board, for greater certainty such determination may be made at any time after the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of such Option; and (ii) 12 months following the date of death of the Participant.

(v) Notwithstanding the foregoing, an ISO may not be exercisable by a US Participant beyond the earlier of the date that is three months following the US Participant's termination of employment with the Company and all Subsidiaries for reasons other than death or disability or the expiry date of such ISO. In the event of the death of a US Participant (including during the three month period after the US Participant's Termination Date) or in the event of a termination of employment due to disability (as determined under section 422(c)(6) of the IRS Code), no ISO still held by such US Participant may be exercised beyond the earlier of the date that is 12 months after the date of such death or disability or the expiry date of such ISO.

(b) Any Participant to whom an Option is granted under the Plan who subsequently ceases to hold the position in which he or she received such Option shall continue to be eligible to hold such Option as a Participant as long as he or she otherwise falls within the definition of "Eligible Person" in any capacity.

ARTICLE 3
CHANGE OF CONTROL

3.1 Change of Control

(a) In the event of a proposed Change of Control, the Board may, in its discretion, and on such terms as it sees fit, accelerate the vesting of all of a Participant's unvested Options to a date determined by the Board, such that all of a Participant's Options will immediately vest at such time. In such event, all Options so vested will be exercisable from such date until their respective expiry dates so as to permit the Participant to participate in such Change of Control. For greater certainty, upon a Change of Control, Participants shall not be treated any more favourably than Shareholders with respect to the consideration that the Participants may be entitled to receive for their Shares.

(b) If a Participant elects to exercise its Options following a Change of Control, the Participant shall be entitled to receive, and shall accept, in lieu of the number of Shares which he was entitled upon such exercise, the kind and amount of shares and other securities, property or cash which such holder could have been entitled to receive as a result of such Change of Control, on the effective date thereof, had he been the registered holder of the number of Shares to which he was entitled to purchase upon exercise of such Options.

3.2 Right to Terminate Options on Sale of Company

Notwithstanding any other provision of the Plan, if the Board at any time by resolution declares it advisable to do so in connection with any proposed Change of Control (collectively, the "**Proposed Transaction**"), the Company may give written notice to all Participants advising them that, within 30-days or such greater period as the Board determines in its sole discretion after the date of the notice and not thereafter, each Participant must advise the Board whether the Participant desires to exercise its Options before the closing of the Proposed Transaction, and that upon the failure of a Participant to provide such notice within the 30-day period or such greater period as the Board determines in its sole discretion, all rights of the Participant will terminate, provided that the Proposed Transaction is completed within 180 days after the date of the notice. If the Proposed Transaction is not completed within the 180-day period, no right under any Option will be exercised or affected by the notice, except that the Option may not be exercised between the date of expiration of the 30-day period or such greater period as the Board determines in its sole discretion and the day after the expiration of the 180-day period. If a Participant gives notice that the Participant desires to exercise its Options before the closing of the Proposed Transaction, then all Options which the Participant elected by notice to exercise will be exercised immediately before the effective date of the Proposed Transaction or such earlier time as may be required to complete the Proposed Transaction.

ARTICLE 4
MISCELLANEOUS PROVISIONS

4.1 No Rights as Shareholder

The holder of an Option shall not have any rights as a Shareholder with respect to any of the Shares underlying an Option until such holder has exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the exercise price in respect of which the Option is being exercised and paying applicable withholding taxes).

4.2 No Rights to Continued Employment or Engagement

Nothing in the Plan or any Option shall confer upon a Participant any right to continue in the employment or engagement of the Company or any Affiliate or affect in any way the right of the Company or any Affiliate to terminate his employment or engagement at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Company or any Affiliate to extend the employment or engagement of any Participant beyond the date on which he would normally be retired pursuant to the provisions of any present or future retirement plan of the Company or any Affiliate, or beyond the date on which his relationship with the Company or any Affiliate would otherwise be terminated pursuant to the provisions of any employment, consulting or other contract for services with the Company or any Affiliate.

4.3 Special Requirements for US Participants

(a) Notwithstanding any other provision of the Plan to the contrary, the aggregate number of Shares available for ISOs shall not exceed 10% of the Shares (on a non-diluted basis) issued and outstanding from time to time, subject to adjustment pursuant to Section 1.4 of the Plan and subject to the provisions of sections 422 and 424 of the IRS Code.

(b) Individuals eligible to receive ISOs are US Participants who are employees of the Company or a Subsidiary.

(c) Each option agreement or grant letter shall specify whether the related Option is an ISO or a NQSO. If no such specification is made, the related Option will be an NQSO.

(d) An ISO shall be treated as a NQSO to the extent that the aggregate Market Price (determined as of the applicable grant date) with respect to which ISOs are exercisable by the US Participant for the first time during any calendar year (pursuant to the Plan and all other plans of the Company and of any Affiliate for purposes of section 422 of the IRS Code) will exceed US$100,000 or any other limitation subsequently set out in section 422(d) of the IRS Code. If two or more Options designated as ISOs first become exerciseable in the same calendar year, the $100,000 limit shall be applied to the Options in the order in which they were granted, and any Shares whose value exceeds the limit shall be deemed to be covered by an NQSO.

(e) The exercise price per Share of an ISO granted to a 10% Shareholder will be not less than 110% of the Market Price on the applicable grant date and such ISO shall not be exercisable later than the expiration of five years after the date of grant.

(f) An ISO may only be granted within the 10-year period beginning from the earlier of the date the Plan is adopted by the Board or the date the Plan is approved by Shareholders.

(g) If the Board determines to extend the exercise period of an ISO pursuant to its authority under Section 2.3 above or to make any other revision to the terms of an ISO, such Option shall thereafter be treated as a NQSO to the extent required under sections 422 and 424 of the IRS Code.

(h) No NQSO shall be granted to a US Participant unless, with respect to such US Participant, the Shares constitute "service recipient stock" under section 409A of the IRS Code. Notwithstanding any provision in the Plan to the contrary, any revision to the terms of an NQSO granted to a US Participant shall be made only if it does not create adverse tax consequences under section 409A of the IRS Code.

ARTICLE 5
ADOPTION

5.1 Effectiveness

The Plan shall be effective upon the approval by the Shareholders.

Exhibit 10.7

PLANET 13 HOLDINGS INC.
2018 SHARE UNIT PLAN
(Adopted May 22, 2018)
(Amended pursuant to majority shareholder vote, July 11, 2018 and further amended pursuant to the approval of the board of directors of Planet 13 Holdings Inc. on May 20, 2020)

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 For the purposes of this Plan, unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

A. "**Act**" means the *Business Corporations Act* (British Columbia), or its successor, as amended, from time to time;

B. "**Affiliate**" means an affiliate of the Company within the meaning of Section 1.3 of NI 45106;

C. "**Associate**" has the meaning set out in Section 2.22 of NI 45-106;

D. "**Award Date**" means the date that a Share Unit Award Agreement is awarded to, and agreed to by, a Participant under this Plan, as evidenced by the register or registers maintained by the Company for Share Units;

E. "**Board**" means the board of directors of the Company or if established and duly authorized to act, a committee appointed for such purpose by the board of directors of the Company to administer the Plan;

F. "**CSE**" means the Canadian Securities Exchange

G. "**Change of Control**" means the occurrence of any one or more of the following events:

(i) the Company is not the surviving entity in a merger, amalgamation or other reorganization (or survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company);

(ii) the Company sells, leases or exchanges assets representing more than 50% of the fair market value of its assets to any other person or entity (other than an Affiliate of the Company);

(iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;

(iv) any person, entity or group of persons or entities acting jointly or in concert (the "Acquiror") acquires, or acquires control (including, without limitation, the power to vote or direct the voting) of, for the first time, voting securities of the Company which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or affiliates of the Acquiror to cast or direct the casting of 40% or more of the votes attached to all of the Company's outstanding voting securities which may be cast to elect directors of the Company or the successor company (regardless of whether a meeting has been called to elect directors) and as a result of such acquisition of control, directors of the Company holding such office immediately before such acquisition of control shall not constitute a majority of the Board;

(v) as a result of or in connection with: (A) the contested election of directors or (B) a transaction referred to in paragraph (i) above, the nominees named in the most recent management information circular of the Company for election to the board of directors of the Company shall not constitute a majority of the Board; or

(vi) the Board adopts a resolution to the effect that a Change of Control has occurred or is imminent.

For the purposes of the text above, "voting securities" means common shares of the Company and any other shares entitled to vote for the election of directors, and shall include any securities, whether or not issued by the Company, which are not shares entitled to vote for the election of directors but which are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities;

H. "**Company**" means Planet 13 Holdings Inc., a Company existing under the Act, and includes any successor Company thereof;

I. "**Eligible Contractor**" means a person who is not an employee, officer or director of the Company that:

(i) is engaged to provide on a *bona fide* basis consulting, technical, management or other services to the Company or any Affiliate under a written contract with the Company or the Affiliate;

(ii) in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate; and

(iii) who otherwise qualifies as a "consultant" under section 2.22 of NI 45-106 ;

J. "**Insider**" means: (i) an insider as defined in the *Securities Act* (Ontario), as may be amended from time to time, other than a person who is an Insider solely by virtue of being a director or senior officer of an Affiliate; and (ii) an Associate of any person who is an insider by virtue of (i);

K. "**Market Price**" means the greater of the closing Market Price of the Shares on the CSE on: (a) the trading day prior to a Award Date; and (b) a Award Date. In the event that the Shares are not then listed and posted for trading on an Exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion;

L. "**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions*, as may be amended or replaced from time to time;

M. "**Participant**" means any director, employee, officer or Eligible Contractor of the Company or any Affiliate of the Company or of any Affiliate to whom Share Units are awarded hereunder;

N. "**Plan**" means this Share Unit Plan, as same may be amended from time to time;

O. "**Required Shareholder Approval**" means the approval of this Plan by the shareholders of the Company, as may be required by the CSE or any other Stock Exchange on which the Shares are listed, as a plan allowing for the issuance of Shares from treasury to satisfy Share Units no later than an applicable Settlement Date, as contemplated in Article 4;

P. "**Resignation**" means the cessation of board membership by a director, or employment (as an officer or employee) of the Participant with the Company or an Affiliate as a result of resignation;

Q. "**Retirement**" means the Participant ceasing to be an employee, officer or director of the Company or an Affiliate after attaining a stipulated age in accordance with the Company's normal retirement policy or earlier with the Company's consent;

R. "**Settlement Date**" means the outside date which the Company shall issue, or cause to be issued, to Participants, Shares underlying a vested Share Unit, which shall be specified in each Share Unit Award Agreement;

S. "**Shares**" means the common shares in the capital of the Company;

T. "**Share Unit**" means a unit credited by means of an entry on the books of the Company to a Participant, representing the right to receive no later than the Participant's Settlement Date, subject to any Required Shareholder Approval being obtained, such number of Shares issued from treasury determined in accordance with Section 3.7(ii) and Article 4;

U. "**Share Unit Award Agreement**" means an award of Share Units under this Plan as agreed to by a Participant;

V. "**Stock Exchange**" means the CSE or any other stock exchange on which the Shares are listed for trading at the relevant time;

W. "**Termination**" means: (i) in the case of a director, the termination of board membership of the director by the Company or any Affiliate, the failure to re-elect or re-appoint the individual as a director of the Company or an Affiliate or Resignation, other than through Retirement; (ii) in the case of an employee, the termination of the employment of the employee, with or without cause, as the context requires by the Company or an Affiliate or Resignation, other than through Retirement or in the case of an officer, the removal of or failure to re-elect or re-appoint the individual as an officer of the Company or an Affiliate, or Resignation, other than through Retirement, (iii) in the case of an Eligible Contractor, the termination of the services of the Eligible Contractor by the Contractor or the Company or any Affiliate; provided that in each case if the Participant continues as a director, employee, officer or Eligible Contractor after such Termination, then a Termination will not occur until such time thereafter that the Participant ceases to be a director, employee, officer or Eligible Contractor in accordance with this definition; and

X. "**Triggering Event**" means (i) in the case of a director, the termination of board membership of the director by the Company or any Affiliate, the failure to re-elect or reappoint the individual as a director of the Company or an Affiliate; (ii) in the case of an employee, the termination of the employment of the employee, without cause, as the context requires by the Company or an Affiliate or in the case of an officer, the removal of or failure to re-elect or re-appoint the individual as an officer of the Company or an Affiliate; (iii) in the case of an employee or an officer, a material adverse change imposed by the Company or the Affiliate (as the case may be) in duties, powers, rights, discretion, prestige, salary, benefits, perquisites, as they exist, and with respect to financial entitlements, the conditions under and manner in which they were payable, immediately prior to the Change of Control, or a material diminution of title imposed by the Company or the Affiliate (as the case may be), as it exists immediately prior to the Change of Control; (iv) in the case of an Eligible Contractor, the termination of the services of the Eligible Contractor by the Company or any Affiliate.

1.2 The headings of all articles, Sections and paragraphs in this Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.

1.3 Whenever the singular or masculine are used in this Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

1.4 The words "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this Plan as a whole and not to any particular article, Section, paragraph or other part hereof.

1.5 Unless otherwise specifically provided, all references to dollar amounts in this Plan are references to lawful money of Canada.

ARTICLE 2
PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 This Plan provides for the award of Share Units and the settlement of such Share Units through the issuance of Shares from treasury (subject to vesting and performance conditions or measures, if any, and subject to the Required Shareholder Approval) for services rendered, for the purpose of advancing the interests of the Company, its Affiliates and its shareholders through the motivation, attraction and retention of directors, employees, officers and Eligible Contractors and the alignment of their interests with the interests of the Company's shareholders.

2.2 This Plan shall be administered by the Board and the Board shall have full authority to administer this Plan, including the authority to interpret and construe any provision of this Plan and to adopt, amend and rescind such rules and regulations for administering this Plan as the Board may deem necessary in order to comply with the requirements of this Plan. All actions taken and all interpretations and determinations made by the Board in good faith shall be final and conclusive and shall be binding on the Participants and the Company. No member of the Board shall be personally liable for any action taken or determination or interpretation made in good faith in connection with this Plan and all members of the Board shall, in addition to their rights as directors of the Company, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made in good faith. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of this Plan and of the rules and regulations established for administering this Plan. All costs incurred in connection with this Plan shall be for the account of the Company.

2.3 The Company shall maintain a register in which it shall record the name and address of each Participant and the number of Share Units awarded to each Participant.

2.4 Subject to Section 3.1, the Board shall from time to time determine the Participants who may participate in this Plan. The Board shall from time to time determine the Participants to whom Share Units shall be awarded and the provisions and restrictions with respect to such award, all such determinations to be made in accordance with the terms and conditions of this Plan.

ARTICLE 3
SHARE UNITS AWARDS

3.1 This Plan is hereby established for directors, employees, officers and Eligible Contractors of the Company and its Affiliates.

3.2 The number of Share Units awarded to a Participant will be credited to the Participant's account, effective as of the Award Date.

For the avoidance of doubt, a Participant will have no right or entitlement whatsoever to receive any Shares until the Share Unit has vested.

3.3 The Board shall determine when any Share Unit will vest which may be as early as the Award Date, or in installments, or pursuant to a vesting schedule, in accordance with the provisions of this Plan and rules of the Stock Exchange, and specified in the Share Unit Award Agreement.

3.4 Each Share Unit award will be governed by a Share Unit Award Agreement as provided for in section 3.8 and this Plan in the form attached as Schedule "A". Each Participant shall have the right to exercise a vested Share Unit at any time prior to the Settlement Date, by providing a notice of exercise to the Company in the form attached as Schedule "B". Upon receipt of a notice of exercise, the Company shall deliver, or cause to be delivered, certificates representing the Shares underlying such Share Unit to the Participant in accordance with the Participant's instructions.

3.5 Subject to the absolute discretion of the Board, the Board may elect to credit each Participant with additional Share Units as a bonus in the event any dividend (other than a stock dividend) is paid on the Shares. In such case, the number of additional Share Units will be equal to the aggregate amount of dividends that would have been paid to the Participant if the Share Units (vested and unvested) in the Participant's account had been Shares divided by the Market Price of a Share on the date on which dividends were paid by the Company.

The additional Shares Units will vest and be subject to the same terms in proportion to the initial Share Units.

3.6 Except as otherwise set forth in this section 3.6, a vested Share Unit will entitle the Participant, subject to the satisfaction of any conditions, measures, restrictions or limitations imposed under this Plan or the applicable Share Unit Award Agreement, to receive one Share no later than the Participant's Settlement Date as set forth in the applicable Share Unit Award Agreement.

Notwithstanding the foregoing, unless the Board determines otherwise, a Participant's Settlement Date shall be accelerated as follows:

(i) in the event of the death of the Participant, the Participant's Settlement Date shall be the date of death; and

(ii) in the event of the total disability of the Participant, the Participant's Settlement Date shall be the date which is 60 days following the date on which the Participant becomes totally disabled.

In the event of the Termination with or without cause (or Retirement) of a Participant, all unvested Share Units credited to the Participant shall become void and the Participant shall have no entitlement and will forfeit any rights to receive Shares under this Plan, except as may otherwise be determined by the Board in its sole and absolute discretion.

For greater certainty, any Shares to be issued to a Participant on exercise of a vested Share Unit shall be issued to the Participant or the Participant's estate on or immediately following receipt by the Company of a notice of exercise prior to the Settlement Date provided, however, that in the event a Participant does not provide the Company with a notice of exercise in respect of a vested Share Unit, the Company shall issue all Shares underlying a vested Share Unit to the Participant on the earlier of: (a) the Settlement Date; (b) the date of Termination of the Participant; and (c) the death or total disability of the Participant in accordance with Section 3.6(i) or Section 3.6(ii).

3.7 Subject to Section 5.1, the Company will satisfy its obligation to settle any vested Share Units by the issuance of Shares to the Participant (in accordance with Article 4) in an amount equal to the number of Share Units being exercised or settled.

3.8 Each award of a Share Unit under this Plan shall be evidenced by a Share Unit Award Agreement between the Company and the Participant. Such Share Unit Award Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a Share Unit Award Agreement. The provisions of the various Share Unit Award Agreement issued under this Plan need not be identical.

3.9 Concurrent with the determination to award Share Units to a Participant, the Board shall determine the Settlement Date applicable to such Share Units, provided the Board shall have discretion to amend the Settlement Date after such award. In addition, the Board may at the time Share Units are awarded, make such Share Units subject to performance conditions or measures to be achieved by the Company, the Participant or a class of Participants, prior to the Settlement Date, for such Share Units.

3.10 The Board shall establish criteria for the award of Share Units to Participants, if any, to be set out in the Share Unit Award Agreement.

3.11 If a Triggering Event occurs in connection with or within the 12-month period immediately following a Change of Control pursuant to the provisions of Section 1.1G(i), (ii), (iv), (v) or (vi) (with respect to (vi), if the Board has adopted a resolution that a Change of Control has occurred), all outstanding Share Units shall vest (notwithstanding any contrary vesting provisions previously in place) and the Settlement Date shall occur, on the date of such Triggering Event.

3.12 In the event of a Change in Control pursuant to the provisions of Section 1.1G(iii), all Share Units outstanding shall immediately vest and the Settlement Date shall occur.

ARTICLE 4
ADDITIONAL PROVISIONS

4.1 This Plan shall become effective only on receipt by the Company of any Stock Exchange approval and of the Required Shareholder Approval.

4.2 The maximum number of Shares made available for the Plan shall be determined from time to time by the Board, but in any case, shall not exceed, when combined with all other share compensation arrangements (including the stock option plan of the Company), 10% of the Shares issued and outstanding from time to time, subject to adjustments pursuant to Section 6.6. The Plan shall be a "rolling plan" and therefore when Share Units are settled, cancelled or terminated, Shares shall automatically be available for the award of new Share Units under this Plan. For purposes of this Section 4.2, the number of Shares then outstanding shall mean the number of Shares outstanding (on a non-diluted basis) immediately prior to the proposed award of the applicable Share Units.

4.3 The Board may from time to time in its discretion (without shareholder approval) amend, modify and change the provisions of the Plan (including any Share Unit Award Agreements), including, without limitation:

(i) amendments of a house keeping nature; and

(ii) changes to the Settlement Date of any Share Units.

However, other than as set out above, any amendment, modification or change to the provisions of the Plan which would:

(a) materially increase the benefits to the holder of the Share Units who is an Insider to the material detriment of the Company and its shareholders;

(b) increase the number of Shares or maximum percentage of Shares which may be issued pursuant to the Plan other than by virtue of Section 6.6 of the Plan;

(c) reduce the range of amendments requiring shareholder approval contemplated in this Section;

(d) permit Share Units to be transferred other than for normal estate settlement purposes;

(e) change insider participation limits which would result in shareholder approval being required on a disinterested basis; or

(f) materially modify the eligibility requirements for participation in the Plan.

shall only be effective on such amendment, modification or change being approved by the shareholders of the Company. In addition, any such amendment, modification or change of any provision of the Plan shall be subject to the approval, if required, by any Stock Exchange having jurisdiction over the securities of the Company.

4.4 Shares Reserved

(a) The aggregate number of Shares which may be reserved for issuance under this Plan and all other security based compensation arrangements of the Company (including the Company's incentive stock option plan) shall not exceed 10% of the Shares (on a non-diluted basis) issued and outstanding from time to time. No fractional Shares shall be issued and the Board may determine the manner in which fractional share values shall be treated. If any Share Units granted under this Plan are cancelled or terminated in accordance with this Plan without being exercised or settled then the Shares subject to those Share Units will again be available to be granted under this Plan.

(b) For greater certainty, any increase in the issued and outstanding Shares will result in an increase in the available number of the Shares issuable under this Plan, and the exercise or settlement of Share Units will make new grants available under this Plan.

(c) The maximum number of Shares which may be reserved for issuance to any one person under this Plan shall be 5% of the Shares issued and outstanding at the time of the award of a Share Unit (on a non-diluted basis) less the aggregate number of Shares reserved for issuance to such person under any other security based compensation arrangements of the Company.

(d) If there is a change in or substitution or exchange of the outstanding Shares by reason of any stock dividend or split, recapitalization, merger, amalgamation, arrangement, consolidation, reorganization, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval (if required) of the relevant Stock Exchange(s), appropriate substitution or adjustment in:

(i) the number or kind of securities reserved for issuance pursuant to this Plan; and

(ii) the number or kind of securities subject to unredeemed Share Units awarded; provided however that no substitution or adjustment shall obligate the Company to issue fractional securities.

(e) The Company shall at all times during the term of this Plan reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of this Plan.

ARTICLE 5
WITHHOLDING TAXES

5.1 For certainty and notwithstanding any other provision of the Plan, the Company or any Affiliate may take such steps as it considers necessary or appropriate for the deduction or withholding of any income taxes or other amounts which the Company or any Affiliate is required by any law or regulation of any governmental authority whatsoever to deduct or withhold in connection with any Share issued pursuant to the Plan, including, without limiting the generality of the foregoing, (a) withholding of all or any portion of any amount otherwise owing to a Participant; (b) the suspension of the issue of Shares to be issued under the Plan, until such time as the Participant has paid to the Company or any Affiliate an amount equal to any amount which the Company or Affiliate is required to deduct or withhold by law with respect to such taxes or other amounts; and/or (c) withholding and causing to be sold, by it as a trustee on behalf of a Participant, such number of Shares as it determines to be necessary to satisfy the withholding obligation. By participating in the Plan, the Participant consents to any such sale and authorizes the Company or any Affiliate, as applicable, to effect the sale of such Shares on behalf of the Participant and to remit the appropriate amount to the applicable governmental authorities. Neither the Company nor any applicable Affiliate shall be responsible for obtaining any particular price for the Shares nor shall the Company or any applicable Affiliate be required to issue any Shares under the Plan unless the Participant has made suitable arrangements with the Company and any applicable Affiliate to fund any withholding obligation.

ARTICLE 6
GENERAL

6.1 This Plan shall remain in effect until it is terminated by the Board.

6.2 The Board may amend or discontinue this Plan at any time in its sole discretion, provided that such amendment or discontinuance may not in any manner adversely affect the Participant's rights under any Share Unit awarded under this Plan. This section 6.2 shall be subject to the restrictions outlined in section 4.3 on Article 4 becoming effective.

6.3 Except pursuant to a will or by the laws of descent and distribution, no Share Unit and no other right or interest of a Participant under this Plan is assignable or transferable.

6.4 No holder of any Share Units shall have any rights as a shareholder of the Company. Except as otherwise specified herein or determined by the Board in its discretion, no holder of any Share Units shall be entitled to receive, and no adjustment is required to be made for, any dividends, distributions or any other rights declared for shareholders of the Company.

6.5 Nothing in this Plan shall confer on any Participant the right to continue as a director, employee, officer or Eligible Contractor of the Company or any Affiliate, as the case may be, or interfere with the right of the Company or Affiliate, as applicable, to remove such director, officer and/or employee or terminate its contractual relationship with such Eligible Contractor as applicable. Nothing contained in this Plan shall confer or be deemed to confer on any Participant the right to continue in the employment of, or to provide services to, the Company or its Affiliates nor to interfere or be deemed to interfere in any way with any right of the Company or its Affiliates to discharge any Participant at any time for any reason whatsoever, with or without cause.

6.6 In the event there is any change in the Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made to outstanding Share Units by the Board, in its sole discretion, to reflect such changes. If the foregoing adjustment shall result in a fractional Share or Share Unit, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of this Plan.

6.7 For the avoidance of doubt, all payments under this Plan to individuals subject to United States income tax shall be made no later than the deadline set forth in section 1.409A-1(b)(4)(i) of the United States Treasury Regulations with respect to short-term deferrals of compensation.

6.8 If any provision of this Plan or any Share Unit contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

6.9 This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Schedule "A"
Form of Share Unit Award Agreement

Notice is hereby given that, effective this ____ day of , Planet 13 Holdings Inc. (the "**Company**") has awarded to (the "**Participant**"), a share unit (the "**Share Unit**") to acquire common shares of the Company (the "**Common Shares**"). Each vested Share Unit will entitle the Participant to receive one Common Share no later than□□ (the "**Settlement Date**").

The Share Units shall vest and become exercisable in accordance with, and upon satisfaction of the conditions set out in, the following schedule:

□

The award of the Share Unit evidenced hereby is made subject to the terms and conditions of the Company's share unit plan (the "**Share Unit Plan**"), the terms and conditions of which are hereby incorporated herein and acknowledged and agreed to by the undersigned Participant.

Any Common Shares to be issued to the Participant on exercise of a vested Share Unit shall be issued to the Participant or the Participant's estate on or immediately following receipt of a notice of redemption ("**Notice of Redemption**") by the Company in the form attached as Schedule "B" to the Share Unit Plan prior to the Settlement Date provided, however, that in the event a Participant does not provide the Company with a Notice of Redemption in respect of a vested Share Unit, the Company shall issue all Common Shares underlying a vested Share Unit to the Participant on the earlier of: (a) the Settlement Date; (b) the date of termination of the Participant; and (c) the death or total disability of the Participant in accordance with the terms of the Share Unit Plan.

To exercise any vested Share Units, you must deliver to the Company a Notice of Redemption specifying the number of Common Shares you wish to acquire. At the discretion of the Company a declaration of residence may also be requested prior to the issuance of any Common Shares. Upon receipt by the Company of requisite documents, and upon you remitting to the Company any applicable income tax or making appropriate arrangements for payment of any applicable tax, the Company's transfer agent will then issue a certificate for the Common Shares so acquired as soon as practicable thereafter.

PLANET 13 HOLDINGS INC.	**PARTICIPANT**
Authorized Signatory	Name:

Schedule "B"
SHARE UNIT AWARD NOTICE OF EXERCISE

TO: PLANET 13 HOLDINGS INC. (THE "COMPANY")

The undersigned hereby irrevocably elects to exercise vested Share Units awarded by the Company to the undersigned pursuant to a Share Unit Award Agreement dated☐ for the number of common shares in the capital of the Company ("**Common Shares**") as set forth below:

Number of Common Shares to be Acquired: _____

Amount enclosed that is payable, if applicable, on account of withholding of tax or other required deductions relating to the exercise of the Share Units (contact the Company for details of such amount) (the "**Applicable Withholdings and Deductions**"): $ _____

☐ Or check here if alternative arrangements have been made with the Company with respect to the payment of Applicable Withholdings and Deductions;

and directs such Common Shares to be registered and a certificate therefore to be issued in the name of _____.

DATED this _____ day of _____, _____.

_____
Signature

_____
Name

Exhibit 10.8

STOCK OPTION AGREEMENT

This Stock Option Agreement is dated this ___ day of _____, 20___ between Planet 13 Holdings Inc. (the "**Corporation**") and **[Name]** (the "**Optionee**").

WHEREAS the Optionee has been granted certain options ("**Options**") to acquire common shares in the capital of the Corporation("**Common Shares**") under the Planet 13 2018 Stock Option Plan (the "**Option Plan**"), a copy of which has been provided to the Eligible Optionee;

AND WHEREAS capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Option Plan;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Corporation confirms that the Optionee has been granted Options under the Option Plan on the following basis, subject to, the terms and conditions of the Option Plan:

DATE OF GRANT	NUMBER OF OPTIONS	EXERCISE PRICE (CDN$)	VESTING SCHEDULE	EXPIRY DATE
[___]	[___]	[___]	[___]	[___]

1. Attached to this Agreement as Schedule "A" is a form of notice that the Optionee may use to exercise any of his or her Options in accordance with Section 2.1(d) of the Option Plan at any time and from time to time prior the Expiry Date of such Options.

2. By signing this Stock Option Agreement, the Optionee acknowledges that he or she has read and understands the Option Plan and agrees to the terms and conditions thereof and of this Stock Option Agreement.

3. This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Time shall be of the essence of this Agreement. This Agreement shall enure to the benefit of and shall be binding upon the parties and their heirs, attorneys, guardians, estate trustees, executors, trustees and administrators and the successors of the Corporation.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

PLANET 13 HOLDINGS INC.

Name of Optionee:

Authorized Signing Officer

Schedule "A"

ELECTION TO EXERCISE STOCK OPTIONS

TO: PLANET 13 HOLDINGS INC. (THE "CORPORATION")

The undersigned option holder hereby irrevocably elects to exercise options ("**Options**") granted by the Corporation to the undersigned pursuant to a Stock Option Agreement dated _____, 20___ for the number of common shares in the capital of the Corporation ("**Common Shares**") as set forth below:

Number of Common Shares to be Acquired:	
Option Exercise Price (per Common Share):	$
Aggregate Purchase Price:	$
Amount enclosed that is payable on account of withholding of tax or other required deductions relating to the exercise of the Options (contact the Corporation for details of such amount)(the "**Applicable Withholdings and Deductions**"):	$

□ Or check here if alternative arrangements have been made with the Corporation with respect to the payment of Applicable Withholdings and Deductions;

and hereby tenders a certified cheque or bank draft for such Aggregate Purchase Price, and, if applicable, Applicable Withholdings and Deductions, and directs such Common Shares to be registered and a certificate therefore to be issued in the name of _____.

DATED this ____ day of _____, _____.

_____
Signature

_____
Name

Exhibit 10.9

Form of Share Unit Award Agreement

Notice is hereby given that, effective this ____ day of _____, Planet 13 Holdings Inc. (the "**Company**") has awarded to _____ (the "**Participant**"), a share unit (the "**Share Unit**") to acquire _____ common shares of the Company (the "**Common Shares**"). Each vested Share Unit will entitle the Participant to receive one Common Share no later than ____ (the "**Settlement Date**").

The Share Units shall vest and become exercisable in accordance with, and upon satisfaction of the conditions set out in, the following schedule:

[____]

The award of the Share Unit evidenced hereby is made subject to the terms and conditions of the Company's share unit plan (the "**Share Unit Plan**"), the terms and conditions of which are hereby incorporated herein and acknowledged and agreed to by the undersigned Participant.

Any Common Shares to be issued to the Participant on exercise of a vested Share Unit shall be issued to the Participant or the Participant's estate on or immediately following receipt of a notice of redemption ("**Notice of Redemption**") by the Company in the form attached as Schedule "B" to the Share Unit Plan prior to the Settlement Date provided, however, that in the event a Participant does not provide the Company with a Notice of Redemption in respect of a vested Share Unit, the Company shall issue all Common Shares underlying a vested Share Unit to the Participant on the earlier of: (a) the Settlement Date; (b) the date of termination of the Participant; and (c) the death or total disability of the Participant in accordance with the terms of the Share Unit Plan.

To exercise any vested Share Units, you must deliver to the Company a Notice of Redemption specifying the number of Common Shares you wish to acquire. At the discretion of the Company a declaration of residence may also be requested prior to the issuance of any Common Shares. Upon receipt by the Company of requisite documents, and upon you remitting to the Company any applicable income tax or making appropriate arrangements for payment of any applicable tax, the Company's transfer agent will then issue a certificate for the Common Shares so acquired as soon as practicable thereafter.

PLANET 13 HOLDINGS INC.	**PARTICIPANT**
Authorized Signatory	Name:

Exhibit 10.10

Employment Agreement

This Employment Agreement (the "Agreement") is made and entered into as of June 1, 2018, by and between Christopher Brian Wren (the "Executive") and MM Development Company, Inc., a Nevada domestic corporation (the "Company").

WHEREAS, the Company desires to employ the Executive on the terms and conditions set forth herein;

WHEREAS, the Executive desires to be employed by the Company on such terms and conditions; and,

WHEREAS, MM Development Company, Inc. anticipates being the subsidiary of Planet 13 Holdings, Inc., and Company and Executive anticipate that Executives position shall be ratified by Planet 13 Holdings, Inc., and that Executive shall be providing services for both MM Development Company, Inc. and Planet 13 Holdings, Inc., and for other subsidiaries of Planet 13 Holdings, Inc.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree as follows:

1. Term.

The Executive's Employment hereunder shall be effective as of May 15, 2018, (the "Effective Date") and shall continue until the fifth anniversary thereof, unless terminated earlier pursuant to Section 5 of this Agreement; provided that, on such fifth anniversary of the Effective Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a "Renewal Date"), the Agreement shall be deemed to be automatically extended, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the Agreement at least 90 days' prior to the applicable Renewal Date. The period during which the Executive is employed by the Company hereunder is hereinafter referred to as the "Employment Term."

2. Position and Duties.

a. Position.

During the Employment Term, the Executive shall serve as the Vice President of Operations of the Company, reporting to the Chief Executive Officer and to the Board. In such position, the Executive shall have such duties, authority, and responsibility as shall be determined from time to time by the Chief Executive Officer, which duties, authority, and responsibility are consistent with the Executive's position. The Executive shall, if requested, also serve as a member of the board of directors of the Company (the "Board") or as an officer or director of any affiliate of the Company for no additional compensation.

b. Duties.

During the Employment Term, the Executive shall perform such duties as are ordinary and reasonable for the position listed in Item 2(a) and shall provide reasonable time and attention to the performance of the Executive's duties hereunder.

3. Place of Performance.

The principal place of Executive's employment shall be the Company's executive office currently located in Las Vegas, Nevada; provided that, the Executive may be required to travel on Company business during the Employment Term.

4. Compensation.

a. Base Salary.

The Company shall pay the Executive an annual rate of base salary of USD $200,000 in periodic installments in accordance with the Company's customary payroll practices and applicable wage payment laws, but no less frequently than bi-weekly. The Executive's base salary shall be reviewed at least annually by the Compensation Committee of the Board (the "Compensation Committee"). However, the Executive's base salary may not be decreased during the Employment Term. The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as "Base Salary".

b. Annual Bonus.

i. For each calendar year of the Employment Term, the Executive shall be eligible to receive an annual bonus (the "Annual Bonus"). However, the decision to provide any Annual Bonus and the amount and terms of any Annual Bonus shall be in the sole and absolute discretion of the Compensation Committee.

ii. The Annual Bonus, if any, will be paid within two and a half (2 1/2) months after the end of the applicable calendar year.

iii. Except as otherwise provided in Section 5, the Annual Bonus will be subject to the terms of the Company annual bonus plan under which it is granted.

c. Performance Bonus.

i. Executive shall be eligible to receive a performance bonus in accordance with the performance bonus as established by the Compensation Committee.

d. Equity Awards.

i. In consideration of the Executive entering into this Agreement and as an inducement to join the Company, on or within thirty days of the Effective Date, the Company will grant the following equity awards to the Executive pursuant to the Company's Restricted Stock Unit Plan: 556,500 restricted stock units, which shall vest in accordance with the terms of the Restricted Stock Unit Plan. All other terms and conditions of such awards shall be governed by the terms and conditions of the Restricted Stock Unit Plan and the applicable award agreements; and

ii. With respect to each calendar year of the Company ending during the Employment Term, the Executive shall be eligible to receive annual equity awards under the Stock Option Plan and the Restricted Stock Unit Plan or other equity plans of the Company.

e. Fringe Benefits and Perquisites.

During the Employment Term, the Executive shall be entitled to fringe benefits and perquisites consistent with the practices of the Company, and to the extent the Company provides similar benefits or perquisites (or both) to similarly situated executives of the Company, including without limitation, reimbursement of executives cellular phone expenses, a monthly vehicle allowance, reimbursement of professional licensing and agent cards, and reimbursement of reasonable professional education expenses.

f. Employee Benefits.

During the Employment Term, the Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time (collectively, "Employee Benefit Plans"), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. Vacation; Paid Time-Off. The Executive shall receive other paid time-off in accordance with the Company's policies for executive officers as such policies may exist from time to time.

g. Relocation Expenses.

Although Executive and Company do not anticipate the need to relocate the Executive, the Company shall pay, or reimburse the Executive for, all reasonable relocation expenses incurred by the Executive relating to his relocation that is requested by the Company, should such be required at a future date.

h. Business Expenses.

The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

i. Indemnification.

i. In the event that the Executive is made a party or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "Proceeding"), other than any Proceeding initiated by the Executive or the Company related to any contest or dispute between the Executive and the Company or any of its affiliates with respect to this Agreement or the Executive's employment hereunder, by reason of the fact that the Executive is or was a director or officer of the Company, or any affiliate of the Company, or is or was serving at the request of the Company as a director, officer, member, employee, or agent of another corporation or a partnership, joint venture, trust, or other enterprise, the Executive shall be indemnified and held harmless by the Company from and against any liabilities, costs, claims, and expenses, including all costs and expenses incurred in defense of any Proceeding (including attorneys' fees). Costs and expenses incurred by the Executive in defense of such Proceeding (including attorneys' fees) shall be paid by the Company in advance of the final disposition of such litigation upon receipt by the Company of: (i) a written request for payment; (ii) appropriate documentation evidencing the incurrence, amount, and nature of the costs and expenses for which payment is being sought; and (iii) an undertaking adequate under applicable law made by or on behalf of the Executive to repay the amounts so paid if it shall ultimately be determined that the Executive is not entitled to be indemnified by the Company under this Agreement.

ii. During the Employment Term and for a period of six (6) years thereafter, the Company or any successor to the Company shall purchase and maintain, at its own expense, directors' and officers' liability insurance providing coverage to the Executive on terms that are no less favorable than the coverage provided to other directors and similarly situated executives of the Company.

j. Clawback Provisions.

Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation paid to the Executive pursuant to this Agreement which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

5. Termination of Employment.

The Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless otherwise provided herein, either party shall be required to give the other party at least 30 days advance written notice of any termination of the Executive's employment. Upon termination of the Executive's employment during the Employment Term, the Executive shall be entitled to the compensation and benefits described in this Section 5 and shall have no further rights to any compensation or any other benefits from the Company or any of its affiliates.

a. For Cause or Without Good Reason.

i. The Executive's employment hereunder may be terminated by the Company for Cause or by the Executive without Good Reason. If the Executive's employment is terminated, by the Company for Cause or by the Executive without Good Reason, the Executive shall be entitled to receive:

1. any accrued but unpaid Base Salary and accrued but unused vacation which shall be paid [on the Termination Date (as defined below)/within one (1) week following the Termination Date (as defined below)/on the pay date immediately following the Termination Date (as defined below) in accordance with the Company's customary payroll procedures;

2. any earned but unpaid Annual Bonus with respect to any completed calendar year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement; provided that, if the Executive's employment is terminated by the Company for Cause, then any such accrued but unpaid Annual Bonus shall be forfeited;

3. reimbursement for unreimbursed business expenses properly incurred by the Executive, which shall be subject to and paid in accordance with the Company's expense reimbursement policy; and

4. such employee benefits (including equity compensation), if any, to which the Executive may be entitled under the Company's employee benefit plans as of the Termination Date; provided that, in no event shall the Executive be entitled to any payments in the nature of severance or termination payments except as specifically provided herein.

Items 5(a)(i)(1) through 5(a)(i)(4) are referred to herein collectively as the "Accrued Amounts".

ii. For purposes of this Agreement, "Cause" shall mean:

1. the Executive's willful failure to perform his duties (other than any such failure resulting from incapacity due to physical or mental illness);

2. the Executive's conviction of or plea of guilty or nolo contendere to a crime (other than related to cannabis) that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude, if such felony or other crime is work-related, materially impairs the Executive's ability to perform services for the Company or results in material harm to the Company or its affiliates;

For purposes of this provision, no act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive with malicious intent against the furtherance of Company business or operations. Any act, or failure to act, based upon 1) authority given pursuant to a resolution duly adopted by the Board, 2) duties generally considered part of the Executives position of a similarly situated public company, or 3) upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

Termination of the Executive's employment shall not be deemed to be for Cause unless and until the Company delivers to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the Board (after reasonable written notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that the Executive has engaged in the conduct described in 5(a)(ii) above. Except for a failure, breach, or refusal which, by its nature, cannot reasonably be expected to be cured, the Executive shall have ten (10) business days from the delivery of written notice by the Company within which to cure any acts constituting Cause; provided however, that, if the Company reasonably expects irreparable injury from a delay of ten (10) business days, the Company may give the Executive notice of such shorter period within which to cure as is reasonable under the circumstances, which may include the termination of the Executive's employment without notice and with immediate effect. The Company may place the Executive on paid leave for up to 60 days while it is determining whether there is a basis to terminate the Executive's employment for Cause. Any such action by the Company will not constitute Good Reason.

iii. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case during the Employment Term without the Executive's written consent:

1. a reduction in the Executive's Base Salary;

2. a relocation of the Executive's principal place of employment by more than 50 miles;

3. any material breach by the Company of any material provision of this Agreement or any material provision of any other agreement between the Executive and the Company;

4. the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law;

5. a material, adverse change in the Executive's title, authority, duties, or responsibilities (other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law) considering the Company's size, status as a public company, and capitalization as of the date of this Agreement; or

6. a material adverse change in the reporting structure applicable to the Executive.

The Executive cannot terminate his employment for Good Reason unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within 14 days of the initial existence of such grounds and the Company has had at least 14 days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within 14 days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

b. Without Cause or for Good Reason.

The Employment Term and the Executive's employment hereunder may be terminated by the Executive for Good Reason or by the Company without Cause. In the event of such termination, the Executive shall be entitled to receive the Accrued Amounts and subject to the Executive's compliance with Section 6, Section 7, Section 8, and Section 9 of this Agreement and his execution of a release of claims in favor of the Company, its affiliates and their respective officers and directors in a form provided by the Company (the "Release") and such Release becoming effective within 30 days following the Termination Date (such 30-day period, the "Release Execution Period")], the Executive shall be entitled to receive the following:

i. continued Base Salary and health care benefits at a substantially similar level to the benefits provided while Executive was employed by the Company for a duration of the remaining Term of the Executive's employment as if there had been no Termination, from the Termination Date payable in equal installments in accordance with the Company's normal payroll practices, but no less frequently than monthly, which shall commence within 14 days following the Termination Date;

ii. subject to proration, any earned but unpaid Annual Bonus with respect to any calendar year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement;

iii. Company shall reimburse Executive for all reasonable administrative assistant expenses incurred by Executive for a period of six months following the Termination Date.

iv. The treatment of any outstanding equity awards shall be determined in accordance with the terms of the Restricted Stock Unit plan and stock option plan and the applicable award agreements.

v. Notwithstanding the terms of the Restricted Stock Unit plan and stock option plan or any applicable award agreements:

1. all outstanding unvested stock options/stock appreciation rights/restricted stock units granted to the Executive during the Employment Term shall become fully vested and exercisable for the remainder of their full term;

2. all outstanding equity-based compensation awards other than stock options/stock appreciation rights that are not intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), shall become fully vested and the restrictions thereon shall lapse; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award agreement and that are required under Section 409A of the Code ("Section 409A") shall remain in effect; and

3. all outstanding equity-based compensation awards other than stock options/stock appreciation rights that are intended to constitute performance-based compensation under Section 162(m)(4)(C) of the Code shall remain outstanding and shall vest or be forfeited in accordance with the terms of the applicable award agreements, if the applicable performance goals are satisfied.

c. Death or Disability.

i. The Executive's employment hereunder shall terminate automatically upon the Executive's death during the Employment Term, and the Company may terminate the Executive's employment on account of the Executive's Disability.

ii. If the Executive's employment is terminated during the Employment Term on account of the Executive's death or Disability, the Executive (or the Executive's estate and/or beneficiaries, as the case may be) shall be entitled to receive the following:

1. the Accrued Amounts;

2. a lump sum payment equal to 12 months of the Executive's current Base Salary, as shown at Item 4(a) or as later increased by the Compensation Committee; and,

3. a lump sum payment equal to the Annual Bonus, if any, that the Executive would have earned for the calendar year in which the Termination Date occurs based on the achievement of applicable performance goals for such year, which shall be payable on the date that annual bonuses are paid to the Company's similarly situated executives, but in no event later than two-and-a-half (2 1/2) months following the end of the calendar year in which the Termination Date occurs.

iii. For purposes of this Agreement, "Disability" shall mean the Executive's inability, due to physical or mental incapacity, to perform the essential functions of his job, with or without reasonable accommodation, for one hundred eighty (180) days out of any three hundred sixty-five (365) day period or one hundred twenty (120) consecutive days. Any question as to the existence of the Executive's Disability as to which the Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Executive and the Company. If the Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Executive shall be final and conclusive for all purposes of this Agreement.

d. Notice of Termination.

Any termination of the Executive's employment hereunder by the Company or by the Executive during the Employment Term (other than termination pursuant to Section 5.3(a) on account of the Executive's death) shall be communicated by written notice of termination ("Notice of Termination") to the other party hereto in accordance with Section 27. The Notice of Termination shall specify:

i. The termination provision of this Agreement relied upon;

ii. To the extent applicable, the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated; and

iii. The applicable Termination Date.

e. Termination Date.

The Executive's "Termination Date" shall be:

i. If the Executive's employment hereunder terminates on account of the Executive's death, the date of the Executive's death;

ii. If the Executive's employment hereunder is terminated on account of the Executive's Disability, the date that it is determined that the Executive has a Disability;

iii. If the Company terminates the Executive's employment hereunder for Cause, the date the Notice of Termination is delivered to the Executive;

iv. If the Company terminates the Executive's employment hereunder without Cause, the date specified in the Notice of Termination, which shall be no less than 30 days following the date on which the Notice of Termination is delivered; provided that, the Company shall have the option to provide the Executive with a lump sum payment equal to 30 days' Base Salary in lieu of such notice, which shall be paid in a lump sum on the Executive's Termination Date and for all purposes of this Agreement, the Executive's Termination Date shall be the date on which such Notice of Termination is delivered;

v. If the Executive terminates his employment hereunder with or without Good Reason, the date specified in the Executive's Notice of Termination, which shall be no less than 14 days following the date on which the Notice of Termination is delivered; provided that, the Company may waive all or any part of the 14 day notice period for no consideration by giving written notice to the Executive and for all purposes of this Agreement, the Executive's Termination Date shall be the date determined by the Company; and

vi. If the Executive's employment hereunder terminates because either party provides notice of non-renewal pursuant to Section 1, the Renewal Date immediately following the date on which the applicable party delivers notice of non-renewal.

Notwithstanding anything contained herein, the Termination Date shall not occur until the date on which the Executive incurs a "separation from service" within the meaning of Section 409A.

f. Mitigation.

In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and except as provided in Section 5.2(c), any amounts payable pursuant to this Section 5 shall not be reduced by compensation the Executive earns on account of employment with another employer.

g. Resignation of All Other Positions.

Upon termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned from all positions that the Executive holds as an officer or member of the Board (or a committee thereof) of the Company or any of its affiliates.

h. Section 280G.

i. If any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change in Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the "280G Payments") constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section 5.9, be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then prior to making the 280G Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to the Executive of the 280G Payments after payment of the Excise Tax to (ii) the Net Benefit to the Executive if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the 280G Payments be reduced to the minimum extent necessary to ensure that no portion of the 280G Payments is subject to the Excise Tax. "Net Benefit" shall mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. Any reduction made pursuant to this Section 5.9 shall be made in a manner determined by the Company that is consistent with the requirements of Section 409A.

ii. All calculations and determinations under this Section 5.9 shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the "Tax Counsel") whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section 5.9, the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and the Executive shall furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section 5.9. The Company shall bear all costs the Tax Counsel may reasonably incur in connection with its services.

6. Cooperation.

The parties agree that certain matters in which the Executive will be involved during the Employment Term may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date.

7. Confidential Information.

The Executive understands and acknowledges that during the Employment Term, he will have access to and learn about Confidential Information, as defined below.

a. Confidential Information Defined.

For purposes of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, practices, terms of agreements, transactions, potential transactions, know-how, trade secrets,[financial information, and customer lists of the Company or its businesses, or of any other person or entity that has entrusted information to the Company in confidence.

The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

The Executive understands and agrees that Confidential Information includes information developed by him in the course of his employment by the Company as if the Company furnished the same Confidential Information to the Executive in the first instance. Confidential Information shall not include information that is generally available to and known by the public at the time of disclosure to the Executive; provided that, such disclosure is through no direct or indirect fault of the Executive or person(s) acting on the Executive's behalf.

b. Company Creation and Use of Confidential Information.

The Executive understands and acknowledges that the Company has invested, and continues to invest, substantial time, money, and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its offerings in the field of state-legal wholesale and retail cannabis. The Executive understands and acknowledges that as a result of these efforts, the Company has created, and continues to use and create Confidential Information. This Confidential Information provides the Company with a competitive advantage over others in the marketplace.

c. Disclosure and Use Restrictions.

The Executive agrees and covenants: (i) to treat all Confidential Information as strictly confidential; (ii) not to directly or indirectly disclose, publish, communicate, or make available Confidential Information, or allow it to be disclosed, published, communicated, or made available, in whole or part, to any entity or person whatsoever (including other employees of the Company) not having a need to know and authority to know and use the Confidential Information in connection with the business of the Company and, in any event, not to anyone outside of the direct employ of the Company except as required in the performance of the Executive's authorized employment duties to the Company or with the prior consent of the Board or Chief Executive Officer acting on behalf of the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties or consent); and (iii) not to access or use any Confidential Information, and not to copy any documents, records, files, media, or other resources containing any Confidential Information, or remove any such documents, records, files, media, or other resources from the premises or control of the Company , except as required in the performance of the Executive's authorized employment duties to the Company or with the prior consent of Board or Chief Executive Officer acting on behalf of the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties or consent). Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. The Executive shall promptly provide written notice of any such order to Board or Chief Executive Officer.

d. Notice of Immunity Under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016 ("DTSA").

Notwithstanding any other provision of this Agreement:

i. The Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

1. is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or
2. is made in a complaint or other document filed under seal in a lawsuit or other proceeding.

ii. If the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secrets to the Executive's attorney and use the trade secret information in the court proceeding if the Executive:

1. files any document containing trade secrets under seal; and
2. does not disclose trade secrets, except pursuant to court order.

The Executive understands and acknowledges that his obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Executive first having access to such Confidential Information (whether before or after he begins employment by the Company) and shall continue during and after his employment by the Company until such time as such Confidential Information has become public knowledge other than as a result of the Executive's breach of this Agreement or breach by those acting in concert with the Executive or on the Executive's behalf.

8. Restrictive Covenants.

a. Non-Competition.

Because of the Company's legitimate business interest as described herein and the good and valuable consideration offered to the Executive, during the Employment Term and for the twelve months, to run consecutively, beginning on the last day of the Executive's employment with the Company, the Executive agrees and covenants not to engage in Prohibited Activity within a 50 mile radius of Las Vegas.

For purposes of this Section 8, "Prohibited Activity" is activity in which the Executive contributes his knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, advisor, consultant, agent, employee, partner, director, stockholder, officer, volunteer, intern, or any other similar capacity to an entity engaged in the same or similar business as the Company , including those engaged in the business of licensed cannabis cultivation, production, or dispensary operations. Prohibited Activity also includes activity that may require or inevitably requires disclosure of trade secrets, proprietary information or Confidential Information.

This Section 8 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Executive shall promptly provide written notice of any such order to Company.

b. Non-Solicitation of Employees.

The Executive agrees and covenants not to directly or indirectly solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company for 12 months, to run consecutively, beginning on the last day of the Executive's employment with the Company.

c. Non-Solicitation of Customers and Vendors.

The Executive understands and acknowledges that because of the Executive's experience with and relationship to the Company, he will have access to and learn about much or all of the Company's customer and vendor information (or, "Competitive Information"). Competitive includes, but is not limited to, names, phone numbers, addresses, e-mail addresses, order history, order preferences, chain of command, pricing information, and other information identifying facts and circumstances specific to the vendor or the customer and relevant to sales.

The Executive understands and acknowledges that loss of this customer or vendor relationship and/or goodwill will cause significant and irreparable harm.

The Executive agrees and covenants, during 12 months, to run consecutively, beginning on the last day of the Executive's employment with the Company, not to directly or indirectly solicit, contact (including but not limited to e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact, or meet with the Company's current, former or prospective vendors or customers for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company.

This restriction shall only apply to:

i. Vendors, customers or prospective customers the Executive contacted in any way during the past 12 months;

ii. Vendors or customers about whom the Executive has trade secret or confidential information;

iii. Vendors or customers who became vendors or customers during the Executive's employment with the Company; and

iv. Vendors or customers about whom the Executive has information that is not available publicly.

9. Non-Disparagement.

The Executive agrees and covenants that he will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning the Company or its businesses, or any of its employees, officers, and existing and prospective customers, suppliers, investors and other associated third parties.

This Section 9 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Executive shall promptly provide written notice of any such order to the Chief Executive Officer.

The Company agrees and covenants that it shall cause its officers and directors to refrain from making any defamatory or disparaging remarks, comments, or statements concerning the Executive to any third parties.

10. Acknowledgement.

The Executive acknowledges and agrees that the services to be rendered by him to the Company are of a special and unique character; that the Executive will obtain knowledge and skill relevant to the Company's industry, methods of doing business and marketing strategies by virtue of the Executive's employment; and that the restrictive covenants and other terms and conditions of this Agreement are reasonable and reasonably necessary to protect the legitimate business interest of the Company.

The Executive further acknowledges that the amount of his compensation reflects, in part, his obligations and the Company's rights under Section 7, Section 8, and Section 9 of this Agreement; that he has no expectation of any additional compensation, royalties or other payment of any kind not otherwise referenced herein in connection herewith; and that he will not be subject to undue hardship by reason of his full compliance with the terms and conditions of Section 7, Section 8, and Section 9 of this Agreement or the Company's enforcement thereof.

11. Remedies.

In the event of a breach or threatened breach by the Executive of Section 7, 8, or Section 9 of this Agreement, the Executive hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages, or other available forms of relief.

12. Proprietary Rights.

a. Work Product.

The Executive acknowledges and agrees that all right, title, and interest in and to all writings, works of authorship, technology, inventions, discoveries, processes, techniques, methods, ideas, concepts, research, proposals, materials, and all other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived, or reduced to practice by the Executive individually or jointly with others during the period of his employment by the Company and relate in any way to the business or contemplated business, products, activities, research, or development of the Company or result from any work performed by the Executive for the Company (in each case, regardless of when or where prepared or whose equipment or other resources is used in preparing the same), all rights and claims related to the foregoing, and all printed, physical and electronic copies, and other tangible embodiments thereof (collectively, "Work Product"), as well as any and all rights in and to US and foreign (a) patents, patent disclosures and inventions (whether patentable or not), (b) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing, (c) copyrights and copyrightable works (including computer programs), [mask works,] and rights in data and databases, (d) trade secrets, know-how, and other confidential information, and (e) all other intellectual property rights, in each case whether registered or unregistered and including all registrations and applications for, and renewals and extensions of, such rights, all improvements thereto and all similar or equivalent rights or forms of protection in any part of the world (collectively, "Intellectual Property Rights"), shall be the sole and exclusive property of the Company.

For purposes of this Agreement, Work Product includes, but is not limited to, Company information, including plans, publications, research, strategies, documents, contracts, customer lists, manufacturing information, marketing information, advertising information, and sales information.

b. Work Made for Hire; Assignment.

The Executive acknowledges that, by reason of being employed by the Company at the relevant times, to the extent permitted by law, all of the Work Product consisting of copyrightable subject matter is "work made for hire" as defined in 17 U.S.C. § 101 and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply, the Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title, and interest in and to all Work Product and Intellectual Property Rights therein, including the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title, or interest in any Work Product or Intellectual Property Rights so as to be less in any respect than that the Company would have had in the absence of this Agreement.

c. Further Assurances; Power of Attorney.

During and after his employment, the Executive agrees to reasonably cooperate with the Company to (a) apply for, obtain, perfect, and transfer to the Company the Work Product as well as any and all Intellectual Property Rights in the Work Product in any jurisdiction in the world; and (b) maintain, protect and enforce the same, including, without limitation, giving testimony and executing and delivering to the Company any and all applications, oaths, declarations, affidavits, waivers, assignments, and other documents and instruments as shall be requested by the Company. The Executive hereby irrevocably grants the Company power of attorney to execute and deliver any such documents on the Executive's behalf in his name and to do all other lawfully permitted acts to transfer the Work Product to the Company and further the transfer, prosecution, issuance, and maintenance of all Intellectual Property Rights therein, to the full extent permitted by law, if the Executive does not promptly cooperate with the Company's request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be affected by the Executive's subsequent incapacity.

d. No License.

The Executive understands that this Agreement does not, and shall not be construed to, grant the Executive any license or right of any nature with respect to any Work Product or Intellectual Property Rights or any Confidential Information, materials, software, or other tools made available to him by the Company.

13. Security.

a. Security and Access.

The Executive agrees and covenants (a) to comply with all Company security policies and procedures as in force from time to time and any and all other Company IT resources ("Facilities and Information Technology Resources"); (b) not to access or use any Facilities and Information Technology Resources except as authorized by the Company; and (iii) not to access or use any Facilities and Information Technology Resources in any manner after the termination of the Executive's employment by the Company, whether termination is voluntary or involuntary. The Executive agrees to notify the Company promptly in the event he learns of any violation of the foregoing by others, or of any other misappropriation or unauthorized access, use, reproduction, or reverse engineering of, or tampering with any Facilities and Information Technology Resources or other Company property or materials by others.

b. Exit Obligations.

Upon (a) voluntary or involuntary termination of the Executive's employment or (b) the Company's request at any time during the Executive's employment, the Executive shall (i) provide or return to the Company any and all Company property and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or Work Product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with his employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations, and media in the Executive's possession or control.

14. Publicity.

The Executive hereby irrevocably consents to any and all uses and displays, by the Company and its agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance, and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes, and all other printed and electronic forms and media throughout the world, at any time during or after the period of his employment by the Company, for all legitimate commercial and business purposes of the Company ("Permitted Uses") without further consent from or royalty, payment, or other compensation to the Executive. The Executive hereby forever waives and releases the Company and its directors, officers, employees, and agents from any and all claims, actions, damages, losses, costs, expenses, and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of his employment by the Company, arising directly or indirectly from the Company's and its agents', representatives', and licensees' exercise of their rights in connection with any Permitted Uses.

15. Governing Law: Jurisdiction and Venue.

This Agreement, for all purposes, shall be construed in accordance with the laws of Nevada without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a state or federal court located in the state of Nevada, county of Clark. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

16. Entire Agreement.

Unless specifically provided herein, this Agreement contains all of the understandings and representations between the Executive and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The parties mutually agree that the Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement.

17. Modification and Waiver.

No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Executive and by Chief Executive Officer of the Company. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power, or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege.

18. Severability.

Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement.

The parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement, or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law.

The parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had not been set forth herein.

19. Captions.

Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

20. Counterparts.

This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21. Tolling.

Should the Executive violate any of the terms of the restrictive covenant obligations articulated herein, the obligation at issue will run from the first date on which the Executive ceases to be in violation of such obligation.

22. Section 409A.

a. General Compliance.

This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

b. Specified Employees.

Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with his termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on the Executive's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date [and interest on such amounts calculated based on the applicable federal rate published by the Internal Revenue Service for the month in which the Executive's separation from service occurs] shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

c. Reimbursements.

To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

i. the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

ii. any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

iii. any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

d. Tax Gross-ups.

Any tax gross-up payments provided under this Agreement shall be paid to the Executive on or before December 31 of the calendar year immediately following the calendar year in which the Executive remits the related taxes.

23. Notification to Subsequent Employer.

When the Executive's employment with the Company terminates, the Executive agrees to notify any subsequent employer of the restrictive covenants sections contained in this Agreement. The Executive will also deliver a copy of such notice to the Company before the Executive commences employment with any subsequent employer. In addition, the Executive authorizes the Company to provide a copy of the restrictive covenants sections of this Agreement to third parties, including but not limited to, the Executive's subsequent, anticipated, or possible future employer.

24. Successors and Assigns.

This Agreement is personal to the Executive and shall not be assigned by the Executive. Any purported assignment by the Executive shall be null and void from the initial date of the purported assignment. The Company may assign this Agreement to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and permitted successors and assigns.

25. Notice.

Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

If to the Company:

Planet 13 Holdings, Inc., or MM Development Company, Inc., currently registered corporate office or registered agent.

If to the Executive:

Address written below.

26. Representations of the Executive.

The Executive represents and warrants to the Company that:

The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not conflict with or result in a violation of, a breach of, or a default under any contract, agreement, or understanding to which he is a party or is otherwise bound.

The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not violate any non-solicitation, non-competition, or other similar covenant or agreement of a prior employer.

27. Withholding.

The Company shall have the right to withhold from any amount payable hereunder any Federal, state, and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

28. Survival.

Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

29. Gender and Number.

Wherever appropriate herein, the masculine may mean the feminine and the singular may mean the plural or vice versa.

30. Acknowledgement of Full Understanding.

THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF his CHOICE BEFORE SIGNING THIS AGREEMENT.

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

Employee:

/s/ Christopher Brian Wren
Name: Christopher Brian Wren

Address:
[REDACTED]

MM Development Company

By: /s/ Robert Groesbeck
Robert Groesbeck, co-President

By: /s/ Larry Scheffler
Name: Larry Scheffler, co-President

Amendment to Employment Agreement

This First Amendment (the "Amendment") to the Employment Agreement (the "Agreement") is made and entered into as of March 10, 2021, by and between Christopher Wren (the "Executive") and MM Development Company, Inc., a Nevada domestic corporation (the "Company").

WHEREAS, the Compensation Committee of Planet 13 Holdings, Inc., the parent company of MM Development Company, Inc. met on February 25, 2021, and authorized an extension of the Term under the Agreement; and

WHEREAS, MM Development Company, Inc. is the US subsidiary of Planet 13 Holdings, Inc., and Executive's position is effective for Planet 13 Holdings, Inc., and that Executive continues to provide services for both MM Development Company, Inc. and Planet 13 Holdings, Inc., and for other subsidiaries of Planet 13 Holdings, Inc.

WHEREAS, Planet 13 Holdings, Inc. Executives and officers of MM Development Company, Inc. are paid through BLC Management Company, LLC, a Nevada LLC as the US management branch of Planet 13 Holdings, Inc.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree to amend the June 1, 2018 Employment Agreement between Executive and MM Development Company, Inc. as follows:

The Term, as such word is defined at Section 1 of the Agreement, is extended to December 31, 2025 from the originally defined date of May 15, 2023. This Term extension shall also extend the calculation of benefits due to the Executive under Section 5 (Termination of Employment), Subsection b. (Without Cause or for Good Reason), Part i. for the continuation of Base Salary and health care benefits, as well as all other sections impacted by an extension of the Term.

So agreed this March 10, 2021 as to Executive, Company, and confirmed by Planet 13 Holdings, Inc.

MM Development Company, Inc.

/s/ Robert Groesbeck
Authorized Officer

Executive

/s/ Christopher Wren
Christopher Wren

Confirmation of Amendment, Pre-Approved by Compensation Committee
Planet 13 Holdings, Inc.

/s/ Leighton Koehler
Authorized Officer

Exhibit 10.11

Employment Agreement

This Employment Agreement (the "Agreement") is made and entered into as of June 1, 2018, by and between Larry Scheffler (the "Executive") and MM Development Company, Inc., a Nevada domestic corporation (the "Company").

WHEREAS, the Company desires to employ the Executive on the terms and conditions set forth herein;

WHEREAS, the Executive desires to be employed by the Company on such terms and conditions; and,

WHEREAS, MM Development Company, Inc. anticipates being the subsidiary of Planet 13 Holdings, Inc., and Company and Executive anticipate that Executives position shall be ratified by Planet 13 Holdings, Inc., and that Executive shall be providing services for both MM Development Company, Inc. and Planet 13 Holdings, Inc., and for other subsidiaries of Planet 13 Holdings, Inc.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree as follows:

1. Term. The Executive's Employment hereunder shall be effective as of May 15, 2018, (the "Effective Date") and shall continue until the fifth anniversary thereof, unless terminated earlier pursuant to Section 5 of this Agreement; provided that, on such fifth anniversary of the Effective Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a "Renewal Date"), the Agreement shall be deemed to be automatically extended, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the Agreement at least 90 days' prior to the applicable Renewal Date. The period during which the Executive is employed by the Company hereunder is hereinafter referred to as the "Employment Term."

2. Position and Duties.

a. Position. During the Employment Term, the Executive shall serve as the co-Chief Executive Officer of the Company, reporting to the Board. In such position, the Executive shall have such duties, authority, and responsibility consistent with the Executive's position. The Executive shall, if requested, also serve as a member of the board of directors of the Company (the "Board") or as an officer or director of any affiliate of the Company for no additional compensation.

b. Duties. During the Employment Term, the Executive shall perform such duties as are ordinary and reasonable for the position listed in Item 2(a) and shall provide reasonable time and attention to the performance of the Executive's duties hereunder.

3. Place of Performance. The principal place of Executive's employment shall be the Company's executive office currently located in Las Vegas, Nevada; provided that, the Executive may be required to travel on Company business during the Employment Term.

4. Compensation.

a. Base Salary. The Company shall pay the Executive an annual rate of base salary of USD $240,000, in periodic installments in accordance with the Company's customary payroll practices and applicable wage payment laws, but no less frequently than bi-weekly. The Executive's base salary shall be reviewed at least annually by the Compensation Committee of the Board (the "Compensation Committee"). However, the Executive's base salary may not be decreased during the Employment Term. The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as "Base Salary".

b. Annual Bonus.

i. For each calendar year of the Employment Term, the Executive shall be eligible to receive an annual bonus (the "Annual Bonus"). However, the decision to provide any Annual Bonus and the amount and terms of any Annual Bonus shall be in the sole and absolute discretion of the Compensation Committee.

ii. The Annual Bonus, if any, will be paid within two and a half (2 1/2) months after the end of the applicable calendar year.

iii. Except as otherwise provided in Section 5, the Annual Bonus will be subject to the terms of the Company annual bonus plan under which it is granted.

c. Performance Bonus.

i. Executive shall be eligible to receive a performance bonus in accordance with the performance bonus as established by the Compensation Committee.

d. Equity Awards.

i. In consideration of the Executive entering into this Agreement and as an inducement to join the Company, on or within thirty days of the Effective Date, the Company will grant the following equity awards to the Executive pursuant to the Company's Restricted Stock Unit Plan: 1,000,000 restricted stock units, which shall vest in accordance with the terms of the Restricted Stock Unit Plan. All other terms and conditions of such awards shall be governed by the terms and conditions of the Restricted Stock Unit Plan and the applicable award agreements; and

ii. With respect to each calendar year of the Company ending during the Employment Term, the Executive shall be eligible to receive annual equity awards under the Stock Option Plan and the Restricted Stock Unit Plan or other equity plans of the Company.

e. Fringe Benefits and Perquisites. During the Employment Term, the Executive shall be entitled to fringe benefits and perquisites consistent with the practices of the Company, and to the extent the Company provides similar benefits or perquisites (or both) to similarly situated executives of the Company, including without limitation, reimbursement of executives cellular phone expenses, a monthly vehicle allowance, reimbursement of professional licensing and agent cards, and reimbursement of reasonable professional education expenses.

f. Employee Benefits. During the Employment Term, the Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time (collectively, "Employee Benefit Plans"), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. Vacation; Paid Time-Off. The Executive shall receive other paid time-off in accordance with the Company's policies for executive officers as such policies may exist from time to time.

g. Relocation Expenses. Although Executive and Company do not anticipate the need to relocate the Executive, the Company shall pay, or reimburse the Executive for, all reasonable relocation expenses incurred by the Executive relating to his relocation that is requested by the Company, should such be required at a future date.

h. Business Expenses. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

i. Indemnification.

i. In the event that the Executive is made a party or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "Proceeding"), other than any Proceeding initiated by the Executive or the Company related to any contest or dispute between the Executive and the Company or any of its affiliates with respect to this Agreement or the Executive's employment hereunder, by reason of the fact that the Executive is or was a director or officer of the Company, or any affiliate of the Company, or is or was serving at the request of the Company as a director, officer, member, employee, or agent of another corporation or a partnership, joint venture, trust, or other enterprise, the Executive shall be indemnified and held harmless by the Company from and against any liabilities, costs, claims, and expenses, including all costs and expenses incurred in defense of any Proceeding (including attorneys' fees). Costs and expenses incurred by the Executive in defense of such Proceeding (including attorneys' fees) shall be paid by the Company in advance of the final disposition of such litigation upon receipt by the Company of: (i) a written request for payment; (ii) appropriate documentation evidencing the incurrence, amount, and nature of the costs and expenses for which payment is being sought; and (iii) an undertaking adequate under applicable law made by or on behalf of the Executive to repay the amounts so paid if it shall ultimately be determined that the Executive is not entitled to be indemnified by the Company under this Agreement.

ii. During the Employment Term and for a period of six (6) years thereafter, the Company or any successor to the Company shall purchase and maintain, at its own expense, directors' and officers' liability insurance providing coverage to the Executive on terms that are no less favorable than the coverage provided to other directors and similarly situated executives of the Company.

j. **Clawback Provisions.** Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation paid to the Executive pursuant to this Agreement which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

5. Termination of Employment. The Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless otherwise provided herein, either party shall be required to give the other party at least 30 days advance written notice of any termination of the Executive's employment. Upon termination of the Executive's employment during the Employment Term, the Executive shall be entitled to the compensation and benefits described in this Section 5 and shall have no further rights to any compensation or any other benefits from the Company or any of its affiliates.

a. For Cause or Without Good Reason.

i. The Executive's employment hereunder may be terminated by the Company for Cause or by the Executive without Good Reason. If the Executive's employment is terminated, by the Company for Cause or by the Executive without Good Reason, the Executive shall be entitled to receive:

1. any accrued but unpaid Base Salary and accrued but unused vacation which shall be paid [on the Termination Date (as defined below)/within one (1) week following the Termination Date (as defined below)/on the pay date immediately following the Termination Date (as defined below) in accordance with the Company's customary payroll procedures;

2. any earned but unpaid Annual Bonus with respect to any completed calendar year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement; provided that, if the Executive's employment is terminated by the Company for Cause, then any such accrued but unpaid Annual Bonus shall be forfeited;

3. reimbursement for unreimbursed business expenses properly incurred by the Executive, which shall be subject to and paid in accordance with the Company's expense reimbursement policy; and

4. such employee benefits (including equity compensation), if any, to which the Executive may be entitled under the Company's employee benefit plans as of the Termination Date; provided that, in no event shall the Executive be entitled to any payments in the nature of severance or termination payments except as specifically provided herein.

Items 5(a)(i)(1) through 5(a)(i)(4) are referred to herein collectively as the "Accrued Amounts".

ii. For purposes of this Agreement, "Cause" shall mean:

1. the Executive's willful failure to perform his duties (other than any such failure resulting from incapacity due to physical or mental illness);

2. the Executive's conviction of or plea of guilty or nolo contendere to a crime (other than related to cannabis) that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude, if such felony or other crime is work-related, materially impairs the Executive's ability to perform services for the Company or results in material harm to the Company or its affiliates;

For purposes of this provision, no act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive with malicious intent against the furtherance of Company business or operations. Any act, or failure to act, based upon 1) authority given pursuant to a resolution duly adopted by the Board, 2) duties generally considered part of the Executives position of a similarly situated public company, or 3) upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

Termination of the Executive's employment shall not be deemed to be for Cause unless and until the Company delivers to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the Board (after reasonable written notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that the Executive has engaged in the conduct described in 5(a)(ii) above. Except for a failure, breach, or refusal which, by its nature, cannot reasonably be expected to be cured, the Executive shall have ten (10) business days from the delivery of written notice by the Company within which to cure any acts constituting Cause; provided however, that, if the Company reasonably expects irreparable injury from a delay of ten (10) business days, the Company may give the Executive notice of such shorter period within which to cure as is reasonable under the circumstances, which may include the termination of the Executive's employment without notice and with immediate effect. The Company may place the Executive on paid leave for up to 60 days while it is determining whether there is a basis to terminate the Executive's employment for Cause. Any such action by the Company will not constitute Good Reason.

iii. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case during the Employment Term without the Executive's written consent:

1. a reduction in the Executive's Base Salary;

2. a relocation of the Executive's principal place of employment by more than 50 miles;

3. any material breach by the Company of any material provision of this Agreement or any material provision of any other agreement between the Executive and the Company;

4. the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law;

5. a material, adverse change in the Executive's title, authority, duties, or responsibilities (other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law) considering the Company's size, status as a public company, and capitalization as of the date of this Agreement; or

6. a material adverse change in the reporting structure applicable to the Executive.

The Executive cannot terminate his employment for Good Reason unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within 14 days of the initial existence of such grounds and the Company has had at least 14 days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within 14 days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

b. Without Cause or for Good Reason. The Employment Term and the Executive's employment hereunder may be terminated by the Executive for Good Reason or by the Company without Cause. In the event of such termination, the Executive shall be entitled to receive the Accrued Amounts and subject to the Executive's compliance with Section 6, Section 7, Section 8, and Section 9 of this Agreement and his execution of a release of claims in favor of the Company, its affiliates and their respective officers and directors in a form provided by the Company (the "Release") and such Release becoming effective within 30 days following the Termination Date (such 30-day period, the "Release Execution Period")], the Executive shall be entitled to receive the following:

i. continued Base Salary and health care benefits at a substantially similar level to the benefits provided while Executive was employed by the Company for a duration of the remaining Term of the Executive's employment as if there had been no Termination, from the Termination Date payable in equal installments in accordance with the Company's normal payroll practices, but no less frequently than monthly, which shall commence within 14 days following the Termination Date;

ii. subject to proration, any earned but unpaid Annual Bonus with respect to any calendar year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement;

iii. Company shall reimburse Executive for all reasonable administrative assistant expenses incurred by Executive for a period of six months following the Termination Date.

iv. The treatment of any outstanding equity awards shall be determined in accordance with the terms of the Restricted Stock Unit plan and stock option plan and the applicable award agreements.

v. Notwithstanding the terms of the Restricted Stock Unit plan and stock option plan or any applicable award agreements:

1. all outstanding unvested stock options/stock appreciation rights/restricted stock units granted to the Executive during the Employment Term shall become fully vested and exercisable for the remainder of their full term;

2. all outstanding equity-based compensation awards other than stock options/stock appreciation rights that are not intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), shall become fully vested and the restrictions thereon shall lapse; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award agreement and that are required under Section 409A of the Code ("Section 409A") shall remain in effect; and

3. all outstanding equity-based compensation awards other than stock options/stock appreciation rights that are intended to constitute performance-based compensation under Section 162(m)(4)(C) of the Code shall remain outstanding and shall vest or be forfeited in accordance with the terms of the applicable award agreements, if the applicable performance goals are satisfied.

c. Death or Disability.

i. The Executive's employment hereunder shall terminate automatically upon the Executive's death during the Employment Term, and the Company may terminate the Executive's employment on account of the Executive's Disability.

ii. If the Executive's employment is terminated during the Employment Term on account of the Executive's death or Disability, the Executive (or the Executive's estate and/or beneficiaries, as the case may be) shall be entitled to receive the following:

1. the Accrued Amounts;

2. a lump sum payment equal to 12 months of the Executive's current Base Salary, as shown at Item 4(a) or as later increased by the Compensation Committee; and,

3. a lump sum payment equal to the Annual Bonus, if any, that the Executive would have earned for the calendar year in which the Termination Date occurs based on the achievement of applicable performance goals for such year, which shall be payable on the date that annual bonuses are paid to the Company's similarly situated executives, but in no event later than two-and-a-half (2 1/2) months following the end of the calendar year in which the Termination Date occurs.

iii. For purposes of this Agreement, "Disability" shall mean the Executive's inability, due to physical or mental incapacity, to perform the essential functions of his job, with or without reasonable accommodation, for one hundred eighty (180) days out of any three hundred sixty-five (365) day period or one hundred twenty (120) consecutive days. Any question as to the existence of the Executive's Disability as to which the Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Executive and the Company. If the Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Executive shall be final and conclusive for all purposes of this Agreement.

d. Notice of Termination. Any termination of the Executive's employment hereunder by the Company or by the Executive during the Employment Term (other than termination pursuant to Section 5.3(a) on account of the Executive's death) shall be communicated by written notice of termination ("Notice of Termination") to the other party hereto in accordance with Section 27. The Notice of Termination shall specify:

i. The termination provision of this Agreement relied upon;

ii. To the extent applicable, the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated; and

iii. The applicable Termination Date.

e. Termination Date. The Executive's "Termination Date" shall be:

i. If the Executive's employment hereunder terminates on account of the Executive's death, the date of the Executive's death;

ii. If the Executive's employment hereunder is terminated on account of the Executive's Disability, the date that it is determined that the Executive has a Disability;

iii. If the Company terminates the Executive's employment hereunder for Cause, the date the Notice of Termination is delivered to the Executive;

iv. If the Company terminates the Executive's employment hereunder without Cause, the date specified in the Notice of Termination, which shall be no less than 30 days following the date on which the Notice of Termination is delivered; provided that, the Company shall have the option to provide the Executive with a lump sum payment equal to 30 days' Base Salary in lieu of such notice, which shall be paid in a lump sum on the Executive's Termination Date and for all purposes of this Agreement, the Executive's Termination Date shall be the date on which such Notice of Termination is delivered;

v. If the Executive terminates his employment hereunder with or without Good Reason, the date specified in the Executive's Notice of Termination, which shall be no less than 14 days following the date on which the Notice of Termination is delivered; provided that, the Company may waive all or any part of the 14 day notice period for no consideration by giving written notice to the Executive and for all purposes of this Agreement, the Executive's Termination Date shall be the date determined by the Company; and

vi. If the Executive's employment hereunder terminates because either party provides notice of non-renewal pursuant to Section 1, the Renewal Date immediately following the date on which the applicable party delivers notice of non-renewal.

Notwithstanding anything contained herein, the Termination Date shall not occur until the date on which the Executive incurs a "separation from service" within the meaning of Section 409A.

f. Mitigation. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and except as provided in Section 5.2(c), any amounts payable pursuant to this Section 5 shall not be reduced by compensation the Executive earns on account of employment with another employer.

g. Resignation of All Other Positions. Upon termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned from all positions that the Executive holds as an officer or member of the Board (or a committee thereof) of the Company or any of its affiliates.

h. Section 280G.

i. If any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change in Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the "280G Payments") constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section 5.9, be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then prior to making the 280G Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to the Executive of the 280G Payments after payment of the Excise Tax to (ii) the Net Benefit to the Executive if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the 280G Payments be reduced to the minimum extent necessary to ensure that no portion of the 280G Payments is subject to the Excise Tax. "Net Benefit" shall mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. Any reduction made pursuant to this Section 5.9 shall be made in a manner determined by the Company that is consistent with the requirements of Section 409A.

ii. All calculations and determinations under this Section 5.9 shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the "Tax Counsel") whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section 5.9, the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and the Executive shall furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section 5.9. The Company shall bear all costs the Tax Counsel may reasonably incur in connection with its services.

6. **Cooperation.** The parties agree that certain matters in which the Executive will be involved during the Employment Term may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date.

7. Confidential Information. The Executive understands and acknowledges that during the Employment Term, he will have access to and learn about Confidential Information, as defined below.

a. **Confidential Information Defined.** For purposes of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, practices, terms of agreements, transactions, potential transactions, know-how, trade secrets,[financial information, and customer lists of the Company or its businesses, or of any other person or entity that has entrusted information to the Company in confidence.

The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

The Executive understands and agrees that Confidential Information includes information developed by him in the course of his employment by the Company as if the Company furnished the same Confidential Information to the Executive in the first instance. Confidential Information shall not include information that is generally available to and known by the public at the time of disclosure to the Executive; provided that, such disclosure is through no direct or indirect fault of the Executive or person(s) acting on the Executive's behalf.

b. Company Creation and Use of Confidential Information. The Executive understands and acknowledges that the Company has invested, and continues to invest, substantial time, money, and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its offerings in the field of state-legal wholesale and retail cannabis. The Executive understands and acknowledges that as a result of these efforts, the Company has created, and continues to use and create Confidential Information. This Confidential Information provides the Company with a competitive advantage over others in the marketplace.

c. **Disclosure and Use Restrictions.** The Executive agrees and covenants: (i) to treat all Confidential Information as strictly confidential; (ii) not to directly or indirectly disclose, publish, communicate, or make available Confidential Information, or allow it to be disclosed, published, communicated, or made available, in whole or part, to any entity or person whatsoever (including other employees of the Company) not having a need to know and authority to know and use the Confidential Information in connection with the business of the Company and, in any event, not to anyone outside of the direct employ of the Company except as required in the performance of the Executive's authorized employment duties to the Company; and (iii) not to access or use any Confidential Information, and not to copy any documents, records, files, media, or other resources containing any Confidential Information, or remove any such documents, records, files, media, or other resources from the premises or control of the Company , except as required in the performance of the Executive's authorized employment duties to the Company. Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order.

d. **Notice of Immunity Under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016 ("DTSA").** Notwithstanding any other provision of this Agreement:

i. The Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

1. is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or

2. is made in a complaint or other document filed under seal in a lawsuit or other proceeding.

ii. If the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secrets to the Executive's attorney and use the trade secret information in the court proceeding if the Executive:

1. files any document containing trade secrets under seal; and

2. does not disclose trade secrets, except pursuant to court order.

The Executive understands and acknowledges that his obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Executive first having access to such Confidential Information (whether before or after he begins employment by the Company) and shall continue during and after his employment by the Company until such time as such Confidential Information has become public knowledge other than as a result of the Executive's breach of this Agreement or breach by those acting in concert with the Executive or on the Executive's behalf.

8. Restrictive Covenants.

a. Non-Competition. Because of the Company's legitimate business interest as described herein and the good and valuable consideration offered to the Executive, during the Employment Term and for the twelve months, to run consecutively, beginning on the last day of the Executive's employment with the Company, the Executive agrees and covenants not to engage in Prohibited Activity within a 50 mile radius of Las Vegas.

For purposes of this Section 8, "Prohibited Activity" is activity in which the Executive contributes his knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, advisor, consultant, agent, employee, partner, director, stockholder, officer, volunteer, intern, or any other similar capacity to an entity engaged in the same or similar business as the Company , including those engaged in the business of licensed cannabis cultivation, production, or dispensary operations. Prohibited Activity also includes activity that may require or inevitably requires disclosure of trade secrets, proprietary information or Confidential Information.

This Section 8 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Executive shall promptly provide written notice of any such order to Company.

b. Non-Solicitation of Employees. The Executive agrees and covenants not to directly or indirectly solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company for 12 months, to run consecutively, beginning on the last day of the Executive's employment with the Company.

c. Non-Solicitation of Customers and Vendors. The Executive understands and acknowledges that because of the Executive's experience with and relationship to the Company, he will have access to and learn about much or all of the Company's customer and vendor information (or, "Competitive Information"). Competitive includes, but is not limited to, names, phone numbers, addresses, e-mail addresses, order history, order preferences, chain of command, pricing information, and other information identifying facts and circumstances specific to the vendor or the customer and relevant to sales.

The Executive understands and acknowledges that loss of this customer or vendor relationship and/or goodwill will cause significant and irreparable harm.

The Executive agrees and covenants, during 12 months, to run consecutively, beginning on the last day of the Executive's employment with the Company, not to directly or indirectly solicit, contact (including but not limited to e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact, or meet with the Company's current, former or prospective vendors or customers for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company.

This restriction shall only apply to:

i. Vendors, customers or prospective customers the Executive contacted in any way during the past 12 months;

ii. Vendors or customers about whom the Executive has trade secret or confidential information;

iii. Vendors or customers who became vendors or customers during the Executive's employment with the Company; and

iv. Vendors or customers about whom the Executive has information that is not available publicly.

9. **Non-Disparagement.** The Executive agrees and covenants that he will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning the Company or its businesses, or any of its employees, officers, and existing and prospective customers, suppliers, investors and other associated third parties.

This Section 9 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order.

The Company agrees and covenants that it shall cause its officers and directors to refrain from making any defamatory or disparaging remarks, comments, or statements concerning the Executive to any third parties.

10. Acknowledgement. The Executive acknowledges and agrees that the services to be rendered by him to the Company are of a special and unique character; that the Executive will obtain knowledge and skill relevant to the Company's industry, methods of doing business and marketing strategies by virtue of the Executive's employment; and that the restrictive covenants and other terms and conditions of this Agreement are reasonable and reasonably necessary to protect the legitimate business interest of the Company.

The Executive further acknowledges that the amount of his compensation reflects, in part, his obligations and the Company's rights under Section 7, Section 8, and Section 9 of this Agreement; that he has no expectation of any additional compensation, royalties or other payment of any kind not otherwise referenced herein in connection herewith; and that he will not be subject to undue hardship by reason of his full compliance with the terms and conditions of Section 7, Section 8, and Section 9 of this Agreement or the Company's enforcement thereof.

11. Remedies. In the event of a breach or threatened breach by the Executive of Section 7, 8, or Section 9 of this Agreement, the Executive hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages, or other available forms of relief.

12. Proprietary Rights.

a. **Work Product.** The Executive acknowledges and agrees that all right, title, and interest in and to all writings, works of authorship, technology, inventions, discoveries, processes, techniques, methods, ideas, concepts, research, proposals, materials, and all other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived, or reduced to practice by the Executive individually or jointly with others during the period of his employment by the Company and relate in any way to the business or contemplated business, products, activities, research, or development of the Company or result from any work performed by the Executive for the Company (in each case, regardless of when or where prepared or whose equipment or other resources is used in preparing the same), all rights and claims related to the foregoing, and all printed, physical and electronic copies, and other tangible embodiments thereof (collectively, "Work Product"), as well as any and all rights in and to US and foreign (a) patents, patent disclosures and inventions (whether patentable or not), (b) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing, (c) copyrights and copyrightable works (including computer programs), [mask works,] and rights in data and databases, (d) trade secrets, know-how, and other confidential information, and (e) all other intellectual property rights, in each case whether registered or unregistered and including all registrations and applications for, and renewals and extensions of, such rights, all improvements thereto and all similar or equivalent rights or forms of protection in any part of the world (collectively, "Intellectual Property Rights"), shall be the sole and exclusive property of the Company.

For purposes of this Agreement, Work Product includes, but is not limited to, Company information, including plans, publications, research, strategies, documents, contracts, customer lists, manufacturing information, marketing information, advertising information, and sales information.

b. Work Made for Hire; Assignment. The Executive acknowledges that, by reason of being employed by the Company at the relevant times, to the extent permitted by law, all of the Work Product consisting of copyrightable subject matter is "work made for hire" as defined in 17 U.S.C. § 101 and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply, the Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title, and interest in and to all Work Product and Intellectual Property Rights therein, including the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title, or interest in any Work Product or Intellectual Property Rights so as to be less in any respect than that the Company would have had in the absence of this Agreement.

c. Further Assurances; Power of Attorney. During and after his employment, the Executive agrees to reasonably cooperate with the Company to (a) apply for, obtain, perfect, and transfer to the Company the Work Product as well as any and all Intellectual Property Rights in the Work Product in any jurisdiction in the world; and (b) maintain, protect and enforce the same, including, without limitation, giving testimony and executing and delivering to the Company any and all applications, oaths, declarations, affidavits, waivers, assignments, and other documents and instruments as shall be requested by the Company. The Executive hereby irrevocably grants the Company power of attorney to execute and deliver any such documents on the Executive's behalf in his name and to do all other lawfully permitted acts to transfer the Work Product to the Company and further the transfer, prosecution, issuance, and maintenance of all Intellectual Property Rights therein, to the full extent permitted by law, if the Executive does not promptly cooperate with the Company's request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be affected by the Executive's subsequent incapacity.

d. No License. The Executive understands that this Agreement does not, and shall not be construed to, grant the Executive any license or right of any nature with respect to any Work Product or Intellectual Property Rights or any Confidential Information, materials, software, or other tools made available to him by the Company.

13. Security.

a. Security and Access. The Executive agrees and covenants (a) to comply with all Company security policies and procedures as in force from time to time and any and all other Company IT resources ("Facilities and Information Technology Resources"); (b) not to access or use any Facilities and Information Technology Resources except as authorized by the Company; and (iii) not to access or use any Facilities and Information Technology Resources in any manner after the termination of the Executive's employment by the Company, whether termination is voluntary or involuntary. The Executive agrees to notify the Company promptly in the event he learns of any violation of the foregoing by others, or of any other misappropriation or unauthorized access, use, reproduction, or reverse engineering of, or tampering with any Facilities and Information Technology Resources or other Company property or materials by others.

b. Exit Obligations. Upon (a) voluntary or involuntary termination of the Executive's employment or (b) the Company's request at any time during the Executive's employment, the Executive shall (i) provide or return to the Company any and all Company property and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or Work Product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with his employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations, and media in the Executive's possession or control.

14. Publicity. The Executive hereby irrevocably consents to any and all uses and displays, by the Company and its agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance, and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes, and all other printed and electronic forms and media throughout the world, at any time during or after the period of his employment by the Company, for all legitimate commercial and business purposes of the Company ("Permitted Uses") without further consent from or royalty, payment, or other compensation to the Executive. The Executive hereby forever waives and releases the Company and its directors, officers, employees, and agents from any and all claims, actions, damages, losses, costs, expenses, and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of his employment by the Company, arising directly or indirectly from the Company's and its agents', representatives', and licensees' exercise of their rights in connection with any Permitted Uses.

15. Governing Law: Jurisdiction and Venue. This Agreement, for all purposes, shall be construed in accordance with the laws of Nevada without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a state or federal court located in the state of Nevada, county of Clark. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

16. **Entire Agreement.** Unless specifically provided herein, this Agreement contains all of the understandings and representations between the Executive and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The parties mutually agree that the Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement.

17. Modification and Waiver. No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Executive and by Board of Directors. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power, or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege.

18. Severability. Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement.

The parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement, or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law.

The parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had not been set forth herein.

19. Captions. Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

20. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21. Tolling. Should the Executive violate any of the terms of the restrictive covenant obligations articulated herein, the obligation at issue will run from the first date on which the Executive ceases to be in violation of such obligation.

22. Section 409A.

a. **General Compliance.** This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

b. Specified Employees. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with his termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on the Executive's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date [and interest on such amounts calculated based on the applicable federal rate published by the Internal Revenue Service for the month in which the Executive's separation from service occurs] shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

c. Reimbursements. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

i. the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

ii. any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

iii. any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

d. Tax Gross-ups. Any tax gross-up payments provided under this Agreement shall be paid to the Executive on or before December 31 of the calendar year immediately following the calendar year in which the Executive remits the related taxes.

23. **Notification to Subsequent Employer.** When the Executive's employment with the Company terminates, the Executive agrees to notify any subsequent employer of the restrictive covenants sections contained in this Agreement. The Executive will also deliver a copy of such notice to the Company before the Executive commences employment with any subsequent employer. In addition, the Executive authorizes the Company to provide a copy of the restrictive covenants sections of this Agreement to third parties, including but not limited to, the Executive's subsequent, anticipated, or possible future employer.

24. Successors and Assigns. This Agreement is personal to the Executive and shall not be assigned by the Executive. Any purported assignment by the Executive shall be null and void from the initial date of the purported assignment. The Company may assign this Agreement to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and permitted successors and assigns.

25. Notice. Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

If to the Company:
Planet 13 Holdings, Inc., or MM Development Company, Inc., currently registered corporate office or registered agent.

If to the Executive:
Address written below.

26. Representations of the Executive. The Executive represents and warrants to the Company that:

The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not conflict with or result in a violation of, a breach of, or a default under any contract, agreement, or understanding to which he is a party or is otherwise bound.

The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not violate any non-solicitation, non-competition, or other similar covenant or agreement of a prior employer.

27. Withholding. The Company shall have the right to withhold from any amount payable hereunder any Federal, state, and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

28. Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

29. Gender and Number. Wherever appropriate herein, the masculine may mean the feminine and the singular may mean the plural or vice versa.

30. Acknowledgement of Full Understanding. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF his CHOICE BEFORE SIGNING THIS AGREEMENT.

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

Employee:
/s/ Larry Scheffler
Name: Larry Scheffler

Address:
[REDACTED]

MM Development Company
By: /s/ Robert Groesbeck
Robert Groesbeck, Director

By: /s/ Larry Scheffler
Name: Larry Scheffler, Director

Amendment to Employment Agreement

This First Amendment (the "Amendment") to the Employment Agreement (the "Agreement") is made and entered into as of March 10, 2021, by and between Larry Scheffler (the "Executive") and MM Development Company, Inc., a Nevada domestic corporation (the "Company").

WHEREAS, the Compensation Committee of Planet 13 Holdings, Inc., the parent company of MM Development Company, Inc. met on February 25, 2021, and authorized an extension of the Term under the Agreement; and

WHEREAS, MM Development Company, Inc. is the US subsidiary of Planet 13 Holdings, Inc., and Executive's position is effective for Planet 13 Holdings, Inc., and that Executive continues to provide services for both MM Development Company, Inc. and Planet 13 Holdings, Inc., and for other subsidiaries of Planet 13 Holdings, Inc.

WHEREAS, Planet 13 Holdings, Inc. Executives and officers of MM Development Company, Inc. are paid through BLC Management Company, LLC, a Nevada LLC as the US management branch of Planet 13 Holdings, Inc.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree to amend the June 1, 2018 Employment Agreement between Executive and MM Development Company, Inc. as follows:

The Term, as such word is defined at Section 1 of the Agreement, is extended to December 31, 2025 from the originally defined date of May 15, 2023. This Term extension shall also extend the calculation of benefits due to the Executive under Section 5 (Termination of Employment), Subsection b. (Without Cause or for Good Reason), Part i. for the continuation of Base Salary and health care benefits, as well as all other sections impacted by an extension of the Term.

So agreed this March 10, 2021 as to Executive, Company, and confirmed by Planet 13 Holdings, Inc.

MM Development Company, Inc.

/s/ Robert Groesbeck
Authorized Officer

Executive

/s/ Larry Scheffler
Larry Scheffler

Confirmation of Amendment, Pre-Approved by Compensation Committee
Planet 13 Holdings, Inc.

/s/ Leighton Koehler
Authorized Officer

Exhibit 10.12

Employment Agreement

This Employment Agreement (the "Agreement") is made and entered into as of June 1, 2018, by and between Robert Groesbeck (the "Executive") and MM Development Company, Inc., a Nevada domestic corporation (the "Company").

WHEREAS, the Company desires to employ the Executive on the terms and conditions set forth herein;

WHEREAS, the Executive desires to be employed by the Company on such terms and conditions; and,

WHEREAS, MM Development Company, Inc. anticipates being the subsidiary of Planet 13 Holdings, Inc., and Company and Executive anticipate that Executives position shall be ratified by Planet 13 Holdings, Inc., and that Executive shall be providing services for both MM Development Company, Inc. and Planet 13 Holdings, Inc., and for other subsidiaries of Planet 13 Holdings, Inc.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree as follows:

1. **Term.** The Executive's Employment hereunder shall be effective as of May 15, 2018, (the "Effective Date") and shall continue until the fifth anniversary thereof, unless terminated earlier pursuant to Section 5 of this Agreement; provided that, on such fifth anniversary of the Effective Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a "Renewal Date"), the Agreement shall be deemed to be automatically extended, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the Agreement at least 90 days' prior to the applicable Renewal Date. The period during which the Executive is employed by the Company hereunder is hereinafter referred to as the "Employment Term."

2. **Position and Duties.**

a. **Position.** During the Employment Term, the Executive shall serve as the co-Chief Executive Officer of the Company, reporting to the Board. In such position, the Executive shall have such duties, authority, and responsibility consistent with the Executive's position. The Executive shall, if requested, also serve as a member of the board of directors of the Company (the "Board") or as an officer or director of any affiliate of the Company for no additional compensation.

b. **Duties.** During the Employment Term, the Executive shall perform such duties as are ordinary and reasonable for the position listed in Item 2(a) and shall provide reasonable time and attention to the performance of the Executive's duties hereunder.

3. **Place of Performance.** The principal place of Executive's employment shall be the Company's executive office currently located in Las Vegas, Nevada; provided that, the Executive may be required to travel on Company business during the Employment Term.

4. **Compensation.**

a. **Base Salary.** The Company shall pay the Executive an annual rate of base salary of USD $240,000, in periodic installments in accordance with the Company's customary payroll practices and applicable wage payment laws, but no less frequently than bi-weekly. The Executive's base salary shall be reviewed at least annually by the Compensation Committee of the Board (the "Compensation Committee"). However, the Executive's base salary may not be decreased during the Employment Term. The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as "Base Salary".

b. **Annual Bonus.**

i. For each calendar year of the Employment Term, the Executive shall be eligible to receive an annual bonus (the "Annual Bonus"). However, the decision to provide any Annual Bonus and the amount and terms of any Annual Bonus shall be in the sole and absolute discretion of the Compensation Committee.

ii. The Annual Bonus, if any, will be paid within two and a half (2 1/2) months after the end of the applicable calendar year.

iii. Except as otherwise provided in Section 5, the Annual Bonus will be subject to the terms of the Company annual bonus plan under which it is granted.

c. Performance Bonus.

i. Executive shall be eligible to receive a performance bonus in accordance with the performance bonus as established by the Compensation Committee.

d. Equity Awards.

i. In consideration of the Executive entering into this Agreement and as an inducement to join the Company, on or within thirty days of the Effective Date, the Company will grant the following equity awards to the Executive pursuant to the Company's Restricted Stock Unit Plan: 1,000,000 restricted stock units, which shall vest in accordance with the terms of the Restricted Stock Unit Plan. All other terms and conditions of such awards shall be governed by the terms and conditions of the Restricted Stock Unit Plan and the applicable award agreements; and

ii. With respect to each calendar year of the Company ending during the Employment Term, the Executive shall be eligible to receive annual equity awards under the Stock Option Plan and the Restricted Stock Unit Plan or other equity plans of the Company.

e. Fringe Benefits and Perquisites. During the Employment Term, the Executive shall be entitled to fringe benefits and perquisites consistent with the practices of the Company, and to the extent the Company provides similar benefits or perquisites (or both) to similarly situated executives of the Company, including without limitation, reimbursement of executives cellular phone expenses, a monthly vehicle allowance, reimbursement of professional licensing and agent cards, and reimbursement of reasonable professional education expenses.

f. Employee Benefits. During the Employment Term, the Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time (collectively, "Employee Benefit Plans"), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. Vacation; Paid Time-Off. The Executive shall receive other paid time-off in accordance with the Company's policies for executive officers as such policies may exist from time to time.

g. Relocation Expenses. Although Executive and Company do not anticipate the need to relocate the Executive, the Company shall pay, or reimburse the Executive for, all reasonable relocation expenses incurred by the Executive relating to his relocation that is requested by the Company, should such be required at a future date.

h. Business Expenses. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

i. Indemnification.

i. In the event that the Executive is made a party or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "Proceeding"), other than any Proceeding initiated by the Executive or the Company related to any contest or dispute between the Executive and the Company or any of its affiliates with respect to this Agreement or the Executive's employment hereunder, by reason of the fact that the Executive is or was a director or officer of the Company, or any affiliate of the Company, or is or was serving at the request of the Company as a director, officer, member, employee, or agent of another corporation or a partnership, joint venture, trust, or other enterprise, the Executive shall be indemnified and held harmless by the Company from and against any liabilities, costs, claims, and expenses, including all costs and expenses incurred in defense of any Proceeding (including attorneys' fees). Costs and expenses incurred by the Executive in defense of such Proceeding (including attorneys' fees) shall be paid by the Company in advance of the final disposition of such litigation upon receipt by the Company of: (i) a written request for payment; (ii) appropriate documentation evidencing the incurrence, amount, and nature of the costs and expenses for which payment is being sought; and (iii) an undertaking adequate under applicable law made by or on behalf of the Executive to repay the amounts so paid if it shall ultimately be determined that the Executive is not entitled to be indemnified by the Company under this Agreement.

ii. During the Employment Term and for a period of six (6) years thereafter, the Company or any successor to the Company shall purchase and maintain, at its own expense, directors' and officers' liability insurance providing coverage to the Executive on terms that are no less favorable than the coverage provided to other directors and similarly situated executives of the Company.

j. Clawback Provisions. Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation paid to the Executive pursuant to this Agreement which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement)**.**

5. **Termination of Employment.** The Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless otherwise provided herein, either party shall be required to give the other party at least 30 days advance written notice of any termination of the Executive's employment. Upon termination of the Executive's employment during the Employment Term, the Executive shall be entitled to the compensation and benefits described in this Section 5 and shall have no further rights to any compensation or any other benefits from the Company or any of its affiliates.

a. For Cause or Without Good Reason.

i. The Executive's employment hereunder may be terminated by the Company for Cause or by the Executive without Good Reason. If the Executive's employment is terminated, by the Company for Cause or by the Executive without Good Reason, the Executive shall be entitled to receive:

1. any accrued but unpaid Base Salary and accrued but unused vacation which shall be paid [on the Termination Date (as defined below)/within one (1) week following the Termination Date (as defined below)/on the pay date immediately following the Termination Date (as defined below) in accordance with the Company's customary payroll procedures;

2. any earned but unpaid Annual Bonus with respect to any completed calendar year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement; provided that, if the Executive's employment is terminated by the Company for Cause, then any such accrued but unpaid Annual Bonus shall be forfeited;

3. reimbursement for unreimbursed business expenses properly incurred by the Executive, which shall be subject to and paid in accordance with the Company's expense reimbursement policy; and

4. such employee benefits (including equity compensation), if any, to which the Executive may be entitled under the Company's employee benefit plans as of the Termination Date; provided that, in no event shall the Executive be entitled to any payments in the nature of severance or termination payments except as specifically provided herein.

Items 5(a)(i)(1) through 5(a)(i)(4) are referred to herein collectively as the "Accrued Amounts".

ii. For purposes of this Agreement, "Cause" shall mean:

1. the Executive's willful failure to perform his duties (other than any such failure resulting from incapacity due to physical or mental illness);

2. the Executive's conviction of or plea of guilty or nolo contendere to a crime (other than related to cannabis) that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude, if such felony or other crime is work-related, materially impairs the Executive's ability to perform services for the Company or results in material harm to the Company or its affiliates;

For purposes of this provision, no act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive with malicious intent against the furtherance of Company business or operations. Any act, or failure to act, based upon 1) authority given pursuant to a resolution duly adopted by the Board, 2) duties generally considered part of the Executives position of a similarly situated public company, or 3) upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

Termination of the Executive's employment shall not be deemed to be for Cause unless and until the Company delivers to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the Board (after reasonable written notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that the Executive has engaged in the conduct described in 5(a)(ii) above. Except for a failure, breach, or refusal which, by its nature, cannot reasonably be expected to be cured, the Executive shall have ten (10) business days from the delivery of written notice by the Company within which to cure any acts constituting Cause; provided however, that, if the Company reasonably expects irreparable injury from a delay of ten (10) business days, the Company may give the Executive notice of such shorter period within which to cure as is reasonable under the circumstances, which may include the termination of the Executive's employment without notice and with immediate effect. The Company may place the Executive on paid leave for up to 60 days while it is determining whether there is a basis to terminate the Executive's employment for Cause. Any such action by the Company will not constitute Good Reason.

iii. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case during the Employment Term without the Executive's written consent:

1. a reduction in the Executive's Base Salary;

2. a relocation of the Executive's principal place of employment by more than 50 miles;

3. any material breach by the Company of any material provision of this Agreement or any material provision of any other agreement between the Executive and the Company;

4. the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law;

5. a material, adverse change in the Executive's title, authority, duties, or responsibilities (other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law) considering the Company's size, status as a public company, and capitalization as of the date of this Agreement; or

6. a material adverse change in the reporting structure applicable to the Executive.

The Executive cannot terminate his employment for Good Reason unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within 14 days of the initial existence of such grounds and the Company has had at least 14 days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within 14 days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

b. Without Cause or for Good Reason. The Employment Term and the Executive's employment hereunder may be terminated by the Executive for Good Reason or by the Company without Cause. In the event of such termination, the Executive shall be entitled to receive the Accrued Amounts and subject to the Executive's compliance with Section 6, Section 7, Section 8, and Section 9 of this Agreement and his execution of a release of claims in favor of the Company, its affiliates and their respective officers and directors in a form provided by the Company (the "Release") and such Release becoming effective within 30 days following the Termination Date (such 30-day period, the "Release Execution Period")], the Executive shall be entitled to receive the following:

i. continued Base Salary and health care benefits at a substantially similar level to the benefits provided while Executive was employed by the Company for a duration of the remaining Term of the Executive's employment as if there had been no Termination, from the Termination Date payable in equal installments in accordance with the Company's normal payroll practices, but no less frequently than monthly, which shall commence within 14 days following the Termination Date;

ii. subject to proration, any earned but unpaid Annual Bonus with respect to any calendar year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement;

iii. Company shall reimburse Executive for all reasonable administrative assistant expenses incurred by Executive for a period of six months following the Termination Date.

iv. The treatment of any outstanding equity awards shall be determined in accordance with the terms of the Restricted Stock Unit plan and stock option plan and the applicable award agreements.

v. Notwithstanding the terms of the Restricted Stock Unit plan and stock option plan or any applicable award agreements:

1. all outstanding unvested stock options/stock appreciation rights/restricted stock units granted to the Executive during the Employment Term shall become fully vested and exercisable for the remainder of their full term;

2. all outstanding equity-based compensation awards other than stock options/stock appreciation rights that are not intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), shall become fully vested and the restrictions thereon shall lapse; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award agreement and that are required under Section 409A of the Code ("Section 409A") shall remain in effect; and

3. all outstanding equity-based compensation awards other than stock options/stock appreciation rights that are intended to constitute performance-based compensation under Section 162(m)(4)(C) of the Code shall remain outstanding and shall vest or be forfeited in accordance with the terms of the applicable award agreements, if the applicable performance goals are satisfied.

c. Death or Disability

i. The Executive's employment hereunder shall terminate automatically upon the Executive's death during the Employment Term, and the Company may terminate the Executive's employment on account of the Executive's Disability.

ii. If the Executive's employment is terminated during the Employment Term on account of the Executive's death or Disability, the Executive (or the Executive's estate and/or beneficiaries, as the case may be) shall be entitled to receive the following:

1. the Accrued Amounts;

2. a lump sum payment equal to 12 months of the Executive's current Base Salary, as shown at Item 4(a) or as later increased by the Compensation Committee; and,

3. a lump sum payment equal to the Annual Bonus, if any, that the Executive would have earned for the calendar year in which the Termination Date occurs based on the achievement of applicable performance goals for such year, which shall be payable on the date that annual bonuses are paid to the Company's similarly situated executives, but in no event later than two-and-a-half (2 1/2) months following the end of the calendar year in which the Termination Date occurs.

iii. For purposes of this Agreement, "Disability" shall mean the Executive's inability, due to physical or mental incapacity, to perform the essential functions of his job, with or without reasonable accommodation, for one hundred eighty (180) days out of any three hundred sixty-five (365) day period or one hundred twenty (120) consecutive days. Any question as to the existence of the Executive's Disability as to which the Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Executive and the Company. If the Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Executive shall be final and conclusive for all purposes of this Agreement.

d. Notice of Termination. Any termination of the Executive's employment hereunder by the Company or by the Executive during the Employment Term (other than termination pursuant to Section 5.3(a) on account of the Executive's death) shall be communicated by written notice of termination ("Notice of Termination") to the other party hereto in accordance with Section 27. The Notice of Termination shall specify:

i. The termination provision of this Agreement relied upon;

ii. To the extent applicable, the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated; and

iii. The applicable Termination Date.

e. Termination Date. The Executive's "Termination Date" shall be:

i. If the Executive's employment hereunder terminates on account of the Executive's death, the date of the Executive's death;

ii. If the Executive's employment hereunder is terminated on account of the Executive's Disability, the date that it is determined that the Executive has a Disability;

iii. If the Company terminates the Executive's employment hereunder for Cause, the date the Notice of Termination is delivered to the Executive;

iv. If the Company terminates the Executive's employment hereunder without Cause, the date specified in the Notice of Termination, which shall be no less than 30 days following the date on which the Notice of Termination is delivered; provided that, the Company shall have the option to provide the Executive with a lump sum payment equal to 30 days' Base Salary in lieu of such notice, which shall be paid in a lump sum on the Executive's Termination Date and for all purposes of this Agreement, the Executive's Termination Date shall be the date on which such Notice of Termination is delivered;

v. If the Executive terminates his employment hereunder with or without Good Reason, the date specified in the Executive's Notice of Termination, which shall be no less than 14 days following the date on which the Notice of Termination is delivered; provided that, the Company may waive all or any part of the 14 day notice period for no consideration by giving written notice to the Executive and for all purposes of this Agreement, the Executive's Termination Date shall be the date determined by the Company; and

vi. If the Executive's employment hereunder terminates because either party provides notice of non-renewal pursuant to Section 1, the Renewal Date immediately following the date on which the applicable party delivers notice of non-renewal.

Notwithstanding anything contained herein, the Termination Date shall not occur until the date on which the Executive incurs a "separation from service" within the meaning of Section 409A.

f. **Mitigation.** In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and except as provided in Section 5.2(c), any amounts payable pursuant to this Section 5 shall not be reduced by compensation the Executive earns on account of employment with another employer.

g. **Resignation of All Other Positions.** Upon termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned from all positions that the Executive holds as an officer or member of the Board (or a committee thereof) of the Company or any of its affiliates.

h. **Section 280G.**

i. If any of the payments or benefits received or to be received by the Executive (including, without limitation, any payment or benefits received in connection with a Change in Control or the Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the "280G Payments") constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section 5.9, be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then prior to making the 280G Payments, a calculation shall be made comparing (i) the Net Benefit (as defined below) to the Executive of the 280G Payments after payment of the Excise Tax to (ii) the Net Benefit to the Executive if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the 280G Payments be reduced to the minimum extent necessary to ensure that no portion of the 280G Payments is subject to the Excise Tax. "Net Benefit" shall mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. Any reduction made pursuant to this Section 5.9 shall be made in a manner determined by the Company that is consistent with the requirements of Section 409A.

ii. All calculations and determinations under this Section 5.9 shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the "Tax Counsel") whose determinations shall be conclusive and binding on the Company and the Executive for all purposes. For purposes of making the calculations and determinations required by this Section 5.9, the Tax Counsel may rely on reasonable, good faith assumptions and approximations concerning the application of Section 280G and Section 4999 of the Code. The Company and the Executive shall furnish the Tax Counsel with such information and documents as the Tax Counsel may reasonably request in order to make its determinations under this Section 5.9. The Company shall bear all costs the Tax Counsel may reasonably incur in connection with its services.

6. **Cooperation.** The parties agree that certain matters in which the Executive will be involved during the Employment Term may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date.

7. **Confidential Information.** The Executive understands and acknowledges that during the Employment Term, he will have access to and learn about Confidential Information, as defined below.

a. **Confidential Information Defined.** For purposes of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, practices, terms of agreements, transactions, potential transactions, know-how, trade secrets,[financial information, and customer lists of the Company or its businesses, or of any other person or entity that has entrusted information to the Company in confidence.

The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

The Executive understands and agrees that Confidential Information includes information developed by him in the course of his employment by the Company as if the Company furnished the same Confidential Information to the Executive in the first instance. Confidential Information shall not include information that is generally available to and known by the public at the time of disclosure to the Executive; provided that, such disclosure is through no direct or indirect fault of the Executive or person(s) acting on the Executive's behalf.

b. **Company Creation and Use of Confidential Information.** The Executive understands and acknowledges that the Company has invested, and continues to invest, substantial time, money, and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its offerings in the field of state-legal wholesale and retail cannabis. The Executive understands and acknowledges that as a result of these efforts, the Company has created, and continues to use and create Confidential Information. This Confidential Information provides the Company with a competitive advantage over others in the marketplace.

c. **Disclosure and Use Restrictions.** The Executive agrees and covenants: (i) to treat all Confidential Information as strictly confidential; (ii) not to directly or indirectly disclose, publish, communicate, or make available Confidential Information, or allow it to be disclosed, published, communicated, or made available, in whole or part, to any entity or person whatsoever (including other employees of the Company) not having a need to know and authority to know and use the Confidential Information in connection with the business of the Company and, in any event, not to anyone outside of the direct employ of the Company except as required in the performance of the Executive's authorized employment duties to the Company; and (iii) not to access or use any Confidential Information, and not to copy any documents, records, files, media, or other resources containing any Confidential Information, or remove any such documents, records, files, media, or other resources from the premises or control of the Company , except as required in the performance of the Executive's authorized employment duties to the Company. Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order.

d. **Notice of Immunity Under the Economic Espionage Act of 1996, as amended by the Defend Trade Secrets Act of 2016 ("DTSA")**. Notwithstanding any other provision of this Agreement:

i. The Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

1. is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or

2. is made in a complaint or other document filed under seal in a lawsuit or other proceeding.

ii. If the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secrets to the Executive's attorney and use the trade secret information in the court proceeding if the Executive:

1. files any document containing trade secrets under seal; and

2. does not disclose trade secrets, except pursuant to court order.

The Executive understands and acknowledges that his obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Executive first having access to such Confidential Information (whether before or after he begins employment by the Company) and shall continue during and after his employment by the Company until such time as such Confidential Information has become public knowledge other than as a result of the Executive's breach of this Agreement or breach by those acting in concert with the Executive or on the Executive's behalf.

8. **<u>Restrictive Covenants.</u>**

a. **Non-Competition.** Because of the Company's legitimate business interest as described herein and the good and valuable consideration offered to the Executive, during the Employment Term and for the twelve months, to run consecutively, beginning on the last day of the Executive's employment with the Company, the Executive agrees and covenants not to engage in Prohibited Activity within a 50 mile radius of Las Vegas.

For purposes of this Section 8, "Prohibited Activity" is activity in which the Executive contributes his knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, advisor, consultant, agent, employee, partner, director, stockholder, officer, volunteer, intern, or any other similar capacity to an entity engaged in the same or similar business as the Company , including those engaged in the business of licensed cannabis cultivation, production, or dispensary operations. Prohibited Activity also includes activity that may require or inevitably requires disclosure of trade secrets, proprietary information or Confidential Information.

This Section 8 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Executive shall promptly provide written notice of any such order to Company.

b. **Non-Solicitation of Employees.** The Executive agrees and covenants not to directly or indirectly solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company for 12 months, to run consecutively, beginning on the last day of the Executive's employment with the Company.

c. **Non-Solicitation of Customers and Vendors.** The Executive understands and acknowledges that because of the Executive's experience with and relationship to the Company, he will have access to and learn about much or all of the Company's customer and vendor information (or, "Competitive Information"). Competitive includes, but is not limited to, names, phone numbers, addresses, e-mail addresses, order history, order preferences, chain of command, pricing information, and other information identifying facts and circumstances specific to the vendor or the customer and relevant to sales.

The Executive understands and acknowledges that loss of this customer or vendor relationship and/or goodwill will cause significant and irreparable harm.

The Executive agrees and covenants, during 12 months, to run consecutively, beginning on the last day of the Executive's employment with the Company, not to directly or indirectly solicit, contact (including but not limited to e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact, or meet with the Company's current, former or prospective vendors or customers for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company.

This restriction shall only apply to:

i. Vendors, customers or prospective customers the Executive contacted in any way during the past 12 months;

ii. Vendors or customers about whom the Executive has trade secret or confidential information;

iii. Vendors or customers who became vendors or customers during the Executive's employment with the Company; and

iv. Vendors or customers about whom the Executive has information that is not available publicly.

9. **Non-Disparagement.** The Executive agrees and covenants that he will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning the Company or its businesses, or any of its employees, officers, and existing and prospective customers, suppliers, investors and other associated third parties.

This Section 9 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order.

The Company agrees and covenants that it shall cause its officers and directors to refrain from making any defamatory or disparaging remarks, comments, or statements concerning the Executive to any third parties.

10. **Acknowledgement.** The Executive acknowledges and agrees that the services to be rendered by him to the Company are of a special and unique character; that the Executive will obtain knowledge and skill relevant to the Company's industry, methods of doing business and marketing strategies by virtue of the Executive's employment; and that the restrictive covenants and other terms and conditions of this Agreement are reasonable and reasonably necessary to protect the legitimate business interest of the Company.

The Executive further acknowledges that the amount of his compensation reflects, in part, his obligations and the Company's rights under Section 7, Section 8, and Section 9 of this Agreement; that he has no expectation of any additional compensation, royalties or other payment of any kind not otherwise referenced herein in connection herewith; and that he will not be subject to undue hardship by reason of his full compliance with the terms and conditions of Section 7, Section 8, and Section 9 of this Agreement or the Company's enforcement thereof.

11. **Remedies.** In the event of a breach or threatened breach by the Executive of Section 7, 8, or Section 9 of this Agreement, the Executive hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages, or other available forms of relief.

12. **Proprietary Rights.**

a. **Work Product.** The Executive acknowledges and agrees that all right, title, and interest in and to all writings, works of authorship, technology, inventions, discoveries, processes, techniques, methods, ideas, concepts, research, proposals, materials, and all other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived, or reduced to practice by the Executive individually or jointly with others during the period of his employment by the Company and relate in any way to the business or contemplated business, products, activities, research, or development of the Company or result from any work performed by the Executive for the Company (in each case, regardless of when or where prepared or whose equipment or other resources is used in preparing the same), all rights and claims related to the foregoing, and all printed, physical and electronic copies, and other tangible embodiments thereof (collectively, "Work Product"), as well as any and all rights in and to US and foreign (a) patents, patent disclosures and inventions (whether patentable or not), (b) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing, (c) copyrights and copyrightable works (including computer programs), [mask works,] and rights in data and databases, (d) trade secrets, know-how, and other confidential information, and (e) all other intellectual property rights, in each case whether registered or unregistered and including all registrations and applications for, and renewals and extensions of, such rights, all improvements thereto and all similar or equivalent rights or forms of protection in any part of the world (collectively, "Intellectual Property Rights"), shall be the sole and exclusive property of the Company.

For purposes of this Agreement, Work Product includes, but is not limited to, Company information, including plans, publications, research, strategies, documents, contracts, customer lists, manufacturing information, marketing information, advertising information, and sales information.

b. **Work Made for Hire; Assignment.** The Executive acknowledges that, by reason of being employed by the Company at the relevant times, to the extent permitted by law, all of the Work Product consisting of copyrightable subject matter is "work made for hire" as defined in 17 U.S.C. § 101 and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply, the Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title, and interest in and to all Work Product and Intellectual Property Rights therein, including the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title, or interest in any Work Product or Intellectual Property Rights so as to be less in any respect than that the Company would have had in the absence of this Agreement.

c. **Further Assurances; Power of Attorney.** During and after his employment, the Executive agrees to reasonably cooperate with the Company to (a) apply for, obtain, perfect, and transfer to the Company the Work Product as well as any and all Intellectual Property Rights in the Work Product in any jurisdiction in the world; and (b) maintain, protect and enforce the same, including, without limitation, giving testimony and executing and delivering to the Company any and all applications, oaths, declarations, affidavits, waivers, assignments, and other documents and instruments as shall be requested by the Company. The Executive hereby irrevocably grants the Company power of attorney to execute and deliver any such documents on the Executive's behalf in his name and to do all other lawfully permitted acts to transfer the Work Product to the Company and further the transfer, prosecution, issuance, and maintenance of all Intellectual Property Rights therein, to the full extent permitted by law, if the Executive does not promptly cooperate with the Company's request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be affected by the Executive's subsequent incapacity.

d. **No License.** The Executive understands that this Agreement does not, and shall not be construed to, grant the Executive any license or right of any nature with respect to any Work Product or Intellectual Property Rights or any Confidential Information, materials, software, or other tools made available to him by the Company.

13. **Security**

a. **Security and Access.** The Executive agrees and covenants (a) to comply with all Company security policies and procedures as in force from time to time and any and all other Company IT resources ("Facilities and Information Technology Resources"); (b) not to access or use any Facilities and Information Technology Resources except as authorized by the Company; and (iii) not to access or use any Facilities and Information Technology Resources in any manner after the termination of the Executive's employment by the Company, whether termination is voluntary or involuntary. The Executive agrees to notify the Company promptly in the event helearns of any violation of the foregoing by others, or of any other misappropriation or unauthorized access, use, reproduction, or reverse engineering of, or tampering with any Facilities and Information Technology Resources or other Company property or materials by others.

b. **Exit Obligations.** Upon (a) voluntary or involuntary termination of the Executive's employment or (b) the Company's request at any time during the Executive's employment, the Executive shall (i) provide or return to the Company any and all Company property and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or Work Product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with his employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations, and media in the Executive's possession or control.

14. **Publicity.** The Executive hereby irrevocably consents to any and all uses and displays, by the Company and its agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance, and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes, and all other printed and electronic forms and media throughout the world, at any time during or after the period of his employment by the Company, for all legitimate commercial and business purposes of the Company ("Permitted Uses") without further consent from or royalty, payment, or other compensation to the Executive. The Executive hereby forever waives and releases the Company and its directors, officers, employees, and agents from any and all claims, actions, damages, losses, costs, expenses, and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of his employment by the Company, arising directly or indirectly from the Company 's and its agents', representatives', and licensees' exercise of their rights in connection with any Permitted Uses.

15. **Governing Law: Jurisdiction and Venue.** This Agreement, for all purposes, shall be construed in accordance with the laws of Nevada without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a state or federal court located in the state of Nevada, county of Clark. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

16. **Entire Agreement.** Unless specifically provided herein, this Agreement contains all of the understandings and representations between the Executive and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The parties mutually agree that the Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement.

17. **Modification and Waiver.** No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Executive and by Board of Directors. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power, or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege.

18. **Severability.** Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement.

The parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement, or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law.

The parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had not been set forth herein.

19. **Captions.** Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

20. **Counterparts.** This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21. **Tolling.** Should the Executive violate any of the terms of the restrictive covenant obligations articulated herein, the obligation at issue will run from the first date on which the Executive ceases to be in violation of such obligation.

22. **Section 409A.**

a. **General Compliance.** This Agreement is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

b. **Specified Employees.** Notwithstanding any other provision of this Agreement, if any payment or benefit provided to the Executive in connection with his termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A and the Executive is determined to be a "specified employee" as defined in Section 409A(a)(2)(b)(i), then such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the Termination Date or, if earlier, on the Executive's death (the "Specified Employee Payment Date"). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date [and interest on such amounts calculated based on the applicable federal rate published by the Internal Revenue Service for the month in which the Executive's separation from service occurs] shall be paid to the Executive in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule.

c. **Reimbursements.** To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:

i. the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;

ii. any reimbursement of an eligible expense shall be paid to the Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and

iii. any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

d. **Tax Gross-ups**. Any tax gross-up payments provided under this Agreement shall be paid to the Executive on or before December 31 of the calendar year immediately following the calendar year in which the Executive remits the related taxes.

23. **Notification to Subsequent Employer.** When the Executive's employment with the Company terminates, the Executive agrees to notify any subsequent employer of the restrictive covenants sections contained in this Agreement. The Executive will also deliver a copy of such notice to the Company before the Executive commences employment with any subsequent employer. In addition, the Executive authorizes the Company to provide a copy of the restrictive covenants sections of this Agreement to third parties, including but not limited to, the Executive's subsequent, anticipated, or possible future employ

24. **Successors and Assigns.** This Agreement is personal to the Executive and shall not be assigned by the Executive. Any purported assignment by the Executive shall be null and void from the initial date of the purported assignment. The Company may assign this Agreement to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and permitted successors and assigns.

25. **Notice.** Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

If to the Company:

Planet 13 Holdings, Inc., or MM Development Company, Inc., currently registered corporate office or registered agent.

If to the Executive:

Address written below.

26. **Representations of the Executive.** The Executive represents and warrants to the Company that:

The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not conflict with or result in a violation of, a breach of, or a default under any contract, agreement, or understanding to which he is a party or is otherwise bound.

The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not violate any non-solicitation, non-competition, or other similar covenant or agreement of a prior employer.

27. **Withholding.** The Company shall have the right to withhold from any amount payable hereunder any Federal, state, and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

28. **Survival.** Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

29. **Gender and Number.** Wherever appropriate herein, the masculine may mean the feminine and the singular may mean the plural or vice versa.

30. **Acknowledgement of Full Understanding.** THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF his CHOICE BEFORE SIGNING THIS AGREEMENT.

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

Employee:
/s/ Robert Groesbeck
Name: Robert Groesbeck

Address:
[REDACTED]

MM Development Company
By: /s/ Robert Groesbeck
Robert Groesbeck, Director

By: /s/ Larry Scheffler
Name: Larry Scheffler, Director

Amendment to Employment Agreement

This First Amendment (the "Amendment") to the Employment Agreement (the "Agreement") is made and entered into as of March 10, 2021, by and between Robert Groesbeck (the "Executive") and MM Development Company, Inc., a Nevada domestic corporation (the "Company").

WHEREAS, the Compensation Committee of Planet 13 Holdings, Inc., the parent company of MM Development Company, Inc. met on February 25, 2021, and authorized an extension of the Term under the Agreement; and WHEREAS, MM Development Company, Inc. is the US subsidiary of Planet 13 Holdings, Inc., and Executive's position is effective for Planet 13 Holdings, Inc., and that Executive continues to provide services for both MM Development Company, Inc. and Planet 13 Holdings, Inc., and for other subsidiaries of Planet 13 Holdings, Inc.

WHEREAS, Planet 13 Holdings, Inc. Executives and officers of MM Development Company, Inc. are paid through BLC Management Company, LLC, a Nevada LLC as the US management branch of Planet 13 Holdings, Inc.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree to amend the June 1, 2018 Employment Agreement between Executive and MM Development Company, Inc. as follows:

The Term, as such word is defined at Section 1 of the Agreement, is extended to December 31, 2025 from the originally defined date of May 15, 2023. This Term extension shall also extend the calculation of benefits due to the Executive under Section 5 (Termination of Employment), Subsection b. (Without Cause or for Good Reason), Part i. for the continuation of Base Salary and health care benefits, as well as all other sections impacted by an extension of the Term.

So agreed this March 10, 2021 as to Executive, Company, and confirmed by Planet 13 Holdings, Inc.

MM Development Company, Inc.

/s/ Larry Scheffler
Authorized Officer

Executive

/s/ Robert Groesbeck
Robert Groesbeck

Confirmation of Amendment, Pre-Approved by Compensation Committee
Planet 13 Holdings, Inc.

/s/ Leighton Koehler
Authorized Officer

Exhibit 10.13

Employment Agreement

This Employment Agreement (the "Agreement") is made and entered into as of June 1, 2018, by and between Dennis Logan (the "Executive") and Planet 13 Holdings, Inc., a Canadian corporation (the "Company").

WHEREAS, the Company desires to employ the Executive on the terms and conditions set forth herein;

WHEREAS, the Executive desires to be employed by the Company on such terms and conditions; and,

WHEREAS, Executive shall be providing services for Planet 13 Holdings, Inc. and for the subsidiaries of Planet 13 Holdings, Inc.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree as follows:

1. Term. The Executive's Employment hereunder shall be effective as of June 1, 2018, (the "Effective Date") and shall continue until the fifth anniversary thereof, unless terminated earlier pursuant to Section 5 of this Agreement; provided that, on such third anniversary of the Effective Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a "Renewal Date"), the Agreement shall be deemed to be automatically extended, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the Agreement at least 90 days' prior to the applicable Renewal Date. The period during which the Executive is employed by the Company hereunder is hereinafter referred to as the "Employment Term."

2. Position and Duties.

a. Position. During the Employment Term, the Executive shall serve as the Chief Financial Officer of the Company, reporting to the Chief Executive Officer and to the Board. In such position, the Executive shall have such duties, authority, and responsibility as shall be determined from time to time by the Chief Executive Officer, which duties, authority, and responsibility are consistent with the Executive's position. The Executive shall, if requested, also serve as a member of the board of directors of the Company (the "Board") or as an officer or director of any affiliate of the Company for no additional compensation.

b. Duties. During the Employment Term, the Executive shall perform such duties as are ordinary and reasonable for the position listed in Item 2(a) and shall provide reasonable time and attention to the performance of the Executive's duties hereunder.

3. Place of Performance. The principal place of Executive's employment shall be Toronto, Ontario Canada ; provided that, the Executive may be required to travel on Company business during the Employment Term.

4. Compensation.

a. Base Salary. The Company shall pay the Executive an annual rate of base salary of CAD $120,000 in periodic installments in accordance with the Company's customary payroll practices and applicable wage payment laws, but no less frequently than bi-weekly.

The Executive's base salary shall be reviewed at least annually by the Compensation Committee of the Board (the "Compensation Committee"). However, the Executive's base salary may not be decreased during the Employment Term. The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as "Base Salary".

b. Annual Bonus.

i. For each calendar year of the Employment Term, the Executive shall be eligible to receive an annual bonus (the "Annual Bonus"). However, the decision to provide any Annual Bonus and the amount and terms of any Annual Bonus shall be in the sole and absolute discretion of the Compensation Committee.

ii. The Annual Bonus, if any, will be paid within two and a half (2 1/2) months after the end of the applicable calendar year.

iii. Except as otherwise provided in Section 5, the Annual Bonus will be subject to the terms of the Company annual bonus plan under which it is granted.

c. Performance Bonus.

i. Executive shall be eligible to receive a performance bonus in accordance with the performance bonus as established by the Compensation Committee.

d. Equity Awards.

i. In consideration of the Executive entering into this Agreement and as an inducement to join the Company, on or within thirty days of the Effective Date, the Company will grant the following equity awards to the Executive pursuant to the Company's Restricted Stock Unit Plan: 371,000 restricted stock units, which shall vest in accordance with the terms of the Restricted Stock Unit Plan. All other terms and conditions of such awards shall be governed by the terms and conditions of the Restricted Stock Unit Plan and the applicable award agreements; and

ii. With respect to each calendar year of the Company ending during the Employment Term, the Executive shall be eligible to receive annual equity awards under the Stock Option Plan and the Restricted Stock Unit Plan or other equity plans of the Company.

e. Fringe Benefits and Perquisites. During the Employment Term, the Executive shall be entitled to fringe benefits and perquisites consistent with the practices of the Company, and to the extent the Company provides similar benefits or perquisites (or both) to similarly situated executives of the Company, including without limitation, reimbursement of executives cellular phone expenses, a monthly vehicle allowance, reimbursement of professional licensing and agent cards, and reimbursement of reasonable professional education expenses.

f. **Employee Benefits.** During the Employment Term, the Executive shall be entitled to participate in all employee benefit plans, practices, and programs maintained by the Company, as in effect from time to time (collectively, "Employee Benefit Plans"), on a basis which is no less favorable than is provided to other similarly situated executives of the Company, to the extent consistent with applicable law and the terms of the applicable

Employee Benefit Plans. The Company reserves the right to amend or cancel any Employee Benefit Plans at any time in its sole discretion, subject to the terms of such Employee Benefit Plan and applicable law. Vacation; Paid Time-Off. The Executive shall receive other paid time-off in accordance with the Company's policies for executive officers as such policies may exist from time to time.

g. Relocation Expenses. Although Executive and Company do not anticipate the need to relocate the Executive, the Company shall pay, or reimburse the Executive for, all reasonable relocation expenses incurred by the Executive relating to his relocation that is requested by the Company, should such be required at a future date.

h. Business Expenses. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures.

i. Indemnification.

i. In the event that the Executive is made a party or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "Proceeding"), other than any Proceeding initiated by the Executive or the Company related to any contest or dispute between the Executive and the Company or any of its affiliates with respect to this Agreement or the Executive's employment hereunder, by reason of the fact that the Executive is or was a director or officer of the Company, or any affiliate of the Company, or is or was serving at the request of the Company as a director, officer, member, employee, or agent of another corporation or a partnership, joint venture, trust, or other enterprise, the Executive shall be indemnified and held harmless by the Company from and against any liabilities, costs, claims, and expenses, including all costs and expenses incurred in defense of any Proceeding (including attorneys' fees). Costs and expenses incurred by the Executive in defense of such Proceeding (including attorneys' fees) shall be paid by the Company in advance of the final disposition of such litigation upon receipt by the Company of: (i) a written request for payment; (ii) appropriate documentation evidencing the incurrence, amount, and nature of the costs and expenses for which payment is being sought; and (iii) an undertaking adequate under applicable law made by or on behalf of the Executive to repay the amounts so paid if it shall ultimately be determined that the Executive is not entitled to be indemnified by the Company under this Agreement.

ii. During the Employment Term and for a period of six (6) years thereafter, the Company or any successor to the Company shall purchase and maintain, at its own expense, directors' and officers' liability insurance providing coverage to the Executive on terms that are no less favorable than the coverage provided to other directors and similarly situated executives of the Company.

j. **Clawback Provisions.** Notwithstanding any other provisions in this Agreement to the contrary, any incentive-based compensation paid to the Executive pursuant to this Agreement which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation, or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

5. Termination of Employment. The Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless otherwise provided herein, either party shall be required to give the other party at least 30 days advance written notice of any termination of the Executive's employment. Upon termination of the Executive's employment during the Employment Term, or if the Executive is served with a written notice of the Company's intention not to extend the term of the Agreement in accordance with Section 1, the Executive shall be entitled to the compensation and benefits described in this Section 5 and shall have no further rights to any compensation or any other benefits from the Company or any of its affiliates.

a. For Cause or Without Good Reason.

i. The Executive's employment hereunder may be terminated by the Company for Cause or by the Executive without Good Reason. If the Executive's employment is terminated, by the Company for Cause or by the Executive without Good Reason, the Executive shall be entitled to receive:

1. any accrued but unpaid Base Salary and accrued but unused vacation which shall be paid [on the Termination Date (as defined below)/within one (1) week following the Termination Date (as defined below)/on the pay date immediately following the Termination Date (as defined below) in accordance with the Company's customary payroll procedures;

2. any earned but unpaid Annual Bonus with respect to any completed calendar year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement; provided that, if the Executive's employment is terminated by the Company for Cause, then any such accrued but unpaid Annual Bonus shall be forfeited;

3. reimbursement for unreimbursed business expenses properly incurred by the Executive, which shall be subject to and paid in accordance with the Company's expense reimbursement policy; and

4. such employee benefits (including equity compensation), if any, to which the Executive may be entitled under the Company's employee benefit plans as of the Termination Date; provided that, in no event shall the Executive be entitled to any payments in the nature of severance or termination payments except as specifically provided herein.

Items 5(a)(i)(1) through 5(a)(i)(4) are referred to herein collectively as the "Accrued Amounts".

ii. For purposes of this Agreement, "Cause" shall mean:

1. the Executive's willful failure to perform his duties (other than any such failure resulting from incapacity due to physical or mental illness);

2. the Executive's conviction of or plea of guilty or nolo contendere to a crime (other than related to cannabis) that constitutes a felony (or state law equivalent) or a crime that constitutes a misdemeanor involving moral turpitude, if such felony or other crime is work-related, materially impairs the Executive's ability to perform services for the Company or results in material harm to the Company or its affiliates;

For purposes of this provision, no act or failure to act on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive with malicious intent against the furtherance of Company business or operations. Any act, or failure to act, based upon 1) authority given pursuant to a resolution duly adopted by the Board, 2) duties generally considered part of the Executives position of a similarly situated public company, or 3) upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

Termination of the Executive's employment shall not be deemed to be for Cause unless and until the Company delivers to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the Board (after reasonable written notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that the Executive has engaged in the conduct described in 5(a)(ii) above. Except for a failure, breach, or refusal which, by its nature, cannot reasonably be expected to be cured, the Executive shall have ten (10) business days from the delivery of written notice by the Company within which to cure any acts constituting Cause; provided however, that, if the Company reasonably expects irreparable injury from a delay of ten (10) business days, the Company may give the Executive notice of such shorter period within which to cure as is reasonable under the circumstances, which may include the termination of the Executive's employment without notice and with immediate effect. The Company may place the Executive on paid leave for up to 60 days while it is determining whether there is a basis to terminate the Executive's employment for Cause. Any such action by the Company will not constitute Good Reason.

iii. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following, in each case during the Employment Term without the Executive's written consent:

1. a reduction in the Executive's Base Salary;

2. a relocation of the Executive's principal place of employment by more than 50 miles;

3. any material breach by the Company of any material provision of this Agreement or any material provision of any other agreement between the Executive and the Company;

4. the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law;

5. a material, adverse change in the Executive's title, authority, duties, or responsibilities (other than temporarily while the Executive is physically or mentally incapacitated or as required by applicable law) considering the Company's size, status as a public company, and capitalization as of the date of this Agreement; or

6. a material adverse change in the reporting structure applicable to the Executive.

The Executive cannot terminate his employment for Good Reason unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within 14 days of the initial existence of such grounds and the Company has had at least 14 days from the date on which such notice is provided to cure such circumstances. If the Executive does not terminate his employment for Good Reason within 14 days after the first occurrence of the applicable grounds, then the Executive will be deemed to have waived his right to terminate for Good Reason with respect to such grounds.

b. Without Cause or for Good Reason. The Employment Term and the Executive's employment hereunder may be terminated by the Executive for Good Reason or by the Company without Cause. In the event of such termination, the Executive shall be entitled to receive the Accrued Amounts and subject to the Executive's compliance with Section 6, Section 7, Section 8, and Section 9 of this Agreement and his execution of a release of claims in favor of the Company, its affiliates and their respective officers and directors in a form provided by the Company (the "Release") and such Release becoming effective within 30 days following the Termination Date (such 30-day period, the "Release Execution Period")], the Executive shall be entitled to receive the following:

i. continued Base Salary and health care benefits at a substantially similar level to the benefits provided while Executive was employed by the Company for a period of 18 (eighteen) months as if there had been no Termination, from the Termination Date payable in equal installments in accordance with the Company's normal payroll practices, but no less frequently than monthly, which shall commence within 14 days following the Termination Date;

ii. subject to proration, any earned but unpaid Annual Bonus with respect to any calendar year immediately preceding the Termination Date, which shall be paid on the otherwise applicable payment date except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement;

iii. Company shall reimburse Executive for all reasonable administrative assistant expenses incurred by Executive for a period of six months following the Termination Date.

iv. The treatment of any outstanding equity awards shall be determined in accordance with the terms of the Restricted Stock Unit plan and stock option plan and the applicable award agreements.

v. Notwithstanding the terms of the Restricted Stock Unit plan and stock option plan or any applicable award agreements:

1. all outstanding unvested stock options/stock appreciation rights/restricted stock units granted to the Executive during the Employment Term shall become fully vested and exercisable for the remainder of their full term;

2. all outstanding equity-based compensation awards other than stock options/stock appreciation rights that are not intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), shall become fully vested and the restrictions thereon shall lapse; provided that, any delays in the settlement or payment of such awards that are set forth in the applicable award agreement and that are required under Section 409A of the Code ("Section 409A") shall remain in effect; and

3. all outstanding equity-based compensation awards other than stock options/stock appreciation rights that are intended to constitute performance-based compensation under Section 162(m)(4)(C) of the Code shall remain outstanding and shall vest or be forfeited in accordance with the terms of the applicable award agreements, if the applicable performance goals are satisfied.

c. Death or Disability.

i. The Executive's employment hereunder shall terminate automatically upon the Executive's death during the Employment Term, and the Company may terminate the Executive's employment on account of the Executive's Disability.

ii. If the Executive's employment is terminated during the Employment Term on account of the Executive's death or Disability, the Executive (or the Executive's estate and/or beneficiaries, as the case may be) shall be entitled to receive the following:

1. the Accrued Amounts;

2. a lump sum payment equal to 12 months of the Executive's current Base Salary, as shown at Item 4(a) or as later increased by the Compensation Committee; and,

3. a lump sum payment equal to the Annual Bonus, if any, that the Executive would have earned for the calendar year in which the Termination Date occurs based on the achievement of applicable performance goals for such year, which shall be payable on the date that annual bonuses are paid to the Company's similarly situated executives, but in no event later than two-and-a-half (2 1/2) months following the end of the calendar year in which the Termination Date occurs.

iii. For purposes of this Agreement, "Disability" shall mean the Executive's inability, due to physical or mental incapacity, to perform the essential functions of his job, with or without reasonable accommodation, for one hundred eighty (180) days out of any three hundred sixty-five (365) day period or one hundred twenty (120) consecutive days. Any question as to the existence of the Executive's Disability as to which the Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the Executive and the Company. If the Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and the Executive shall be final and conclusive for all purposes of this Agreement.

d. Notice of Termination. Any termination of the Executive's employment hereunder by the Company or by the Executive during the Employment Term (other than termination pursuant to Section 5.3(a) on account of the Executive's death) shall be communicated by written notice of termination ("Notice of Termination") to the other party hereto in accordance with Section 24. The Notice of Termination shall specify:

i. The termination provision of this Agreement relied upon;

ii. To the extent applicable, the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated; and

iii. The applicable Termination Date.

e. Termination Date. The Executive's "Termination Date" shall be:

i. If the Executive's employment hereunder terminates on account of the Executive's death, the date of the Executive's death;

ii. If the Executive's employment hereunder is terminated on account of the Executive's Disability, the date that it is determined that the Executive has a Disability;

iii. If the Company terminates the Executive's employment hereunder for Cause, the date the Notice of Termination is delivered to the Executive;

iv. If the Company terminates the Executive's employment hereunder without Cause, the date specified in the Notice of Termination, which shall be no less than 30 days following the date on which the Notice of Termination is delivered; provided that, the Company shall have the option to provide the Executive with a lump sum payment equal to 30 days' Base Salary in lieu of such notice, which shall be paid in a lump sum on the Executive's Termination Date and for all purposes of this Agreement, the Executive's Termination Date shall be the date on which such Notice of Termination is delivered;

v. If the Executive terminates his employment hereunder with or without Good Reason, the date specified in the Executive's Notice of Termination, which shall be no less than 14 days following the date on which the Notice of Termination is delivered; provided that, the Company may waive all or any part of the 14 day notice period for no consideration by giving written notice to the Executive and for all purposes of this Agreement, the Executive's Termination Date shall be the date determined by the Company; and

vi. If the Executive's employment hereunder terminates because either party provides notice of non-renewal pursuant to Section 1, the Renewal Date immediately following the date on which the applicable party delivers notice of non-renewal.

f. **Mitigation.** In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and except as provided in Section 5.2(c), any amounts payable pursuant to this Section 5 shall not be reduced by compensation the Executive earns on account of employment with another employer.

g. Resignation of All Other Positions. Upon termination of the Executive's employment hereunder for any reason, the Executive shall be deemed to have resigned from all positions that the Executive holds as an officer or member of the Board (or a committee thereof) of the Company or any of its affiliates.

6. Cooperation. The parties agree that certain matters in which the Executive will be involved during the Employment Term may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date.

7. Confidential Information. The Executive understands and acknowledges that during the Employment Term, he will have access to and learn about Confidential Information, as defined below.

a. Confidential Information Defined. For purposes of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to: business processes, practices, terms of agreements, transactions, potential transactions, know-how, trade secrets,[financial information, and customer lists of the Company or its businesses, or of any other person or entity that has entrusted information to the Company in confidence.

The Executive understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

The Executive understands and agrees that Confidential Information includes information developed by him in the course of his employment by the Company as if the Company furnished the same Confidential Information to the Executive in the first instance. Confidential Information shall not include information that is generally available to and known by the public at the time of disclosure to the Executive; provided that, such disclosure is through no direct or indirect fault of the Executive or person(s) acting on the Executive's behalf.

b. **Company Creation and Use of Confidential Information.** The Executive understands and acknowledges that the Company has invested, and continues to invest, substantial time, money, and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its employees, and improving its offerings in the field of state-legal wholesale and retail cannabis. The Executive understands and acknowledges that as a result of these efforts, the Company has created, and continues to use and create Confidential Information. This Confidential Information provides the Company with a competitive advantage over others in the marketplace.

c. Disclosure and Use Restrictions. The Executive agrees and covenants: (i) to treat all Confidential Information as strictly confidential; (ii) not to directly or indirectly disclose, publish, communicate, or make available Confidential Information, or allow it to be disclosed, published, communicated, or made available, in whole or part, to any entity or person whatsoever (including other employees of the Company) not having a need to know and authority to know and use the Confidential Information in connection with the business of the Company and, in any event, not to anyone outside of the direct employ of the Company except as required in the performance of the Executive's authorized employment duties to the Company or with the prior consent of the Board or Chief Executive Officer acting on behalf of the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties or consent); and (iii) not to access or use any Confidential Information, and not to copy any documents, records, files, media, or other resources containing any Confidential Information, or remove any such documents, records, files, media, or other resources from the premises or control of the Company , except as required in the performance of the Executive's authorized employment duties to the Company or with the prior consent of Board or Chief Executive Officer acting on behalf of the Company in each instance (and then, such disclosure shall be made only within the limits and to the extent of such duties or consent). Nothing herein shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. The Executive shall promptly provide written notice of any such order to Board or Chief Executive Officer.

d. Notice of Immunity Under the Economic Espionage Act of 1996 of the United States of America, as amended by the Defend Trade Secrets Act of 2016 ("DTSA"). Notwithstanding any other provision of this Agreement:

i. The Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that:

1. is made (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (2) solely for the purpose of reporting or investigating a suspected violation of law; or

2. is made in a complaint or other document filed under seal in a lawsuit or other proceeding.

ii. If the Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Executive may disclose the Company's trade secrets to the Executive's attorney and use the trade secret information in the court proceeding if the Executive:

1. files any document containing trade secrets under seal; and

2. does not disclose trade secrets, except pursuant to court order.

The Executive understands and acknowledges that his obligations under this Agreement with regard to any particular Confidential Information shall commence immediately upon the Executive first having access to such Confidential Information (whether before or after he begins employment by the Company) and shall continue during and after his employment by the Company until such time as such Confidential Information has become public knowledge other than as a result of the Executive's breach of this Agreement or breach by those acting in concert with the Executive or on the Executive's behalf.

8. Restrictive Covenants.

a. Non-Competition. Because of the Company's legitimate business interest as described herein and the good and valuable consideration offered to the Executive, during the Employment Term and for the twelve months, to run consecutively, beginning on the last day of the Executive's employment with the Company, the Executive agrees and covenants not to engage in Prohibited Activity within a 50 mile radius of Las Vegas.

For purposes of this Section 8, "Prohibited Activity" is activity in which the Executive contributes his knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, advisor, consultant, agent, employee, partner, director, stockholder, officer, volunteer, intern, or any other similar capacity to an entity engaged in the same or similar business as the Company, including those engaged in the business of licensed cannabis cultivation, production, or dispensary operations. Prohibited Activity also includes activity that may require or inevitably requires disclosure of trade secrets, proprietary information or Confidential Information.

This Section 8 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Executive shall promptly provide written notice of any such order to Company.

b. Non-Solicitation of Employees. The Executive agrees and covenants not to directly or indirectly solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment of any employee of the Company for 12 months, to run consecutively, beginning on the last day of the Executive's employment with the Company.

c. Non-Solicitation of Customers and Vendors. The Executive understands and acknowledges that because of the Executive's experience with and relationship to the Company, he will have access to and learn about much or all of the Company's customer and vendor information (or, "Competitive Information"). Competitive includes, but is not limited to, names, phone numbers, addresses, e-mail addresses, order history, order preferences, chain of command, pricing information, and other information identifying facts and circumstances specific to the vendor or the customer and relevant to sales.

The Executive understands and acknowledges that loss of this customer or vendor relationship and/or goodwill will cause significant and irreparable harm.

The Executive agrees and covenants, during 12 months, to run consecutively, beginning on the last day of the Executive's employment with the Company, not to directly or indirectly solicit, contact (including but not limited to e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact, or meet with the Company's current, former or prospective vendors or customers for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company.

This restriction shall only apply to:

i. Vendors, customers or prospective customers the Executive contacted in any way during the past 12 months;

ii. Vendors or customers about whom the Executive has trade secret or confidential information;

iii. Vendors or customers who became vendors or customers during the Executive's employment with the Company; and

iv. Vendors or customers about whom the Executive has information that is not available publicly.

9. Non-Disparagement. The Executive agrees and covenants that he will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments, or statements concerning the Company or its businesses, or any of its employees, officers, and existing and prospective customers, suppliers, investors and other associated third parties.

This Section 9 does not, in any way, restrict or impede the Executive from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Executive shall promptly provide written notice of any such order to the Chief Executive Officer.

The Company agrees and covenants that it shall cause its officers and directors to refrain from making any defamatory or disparaging remarks, comments, or statements concerning the Executive to any third parties.

10. Acknowledgement. The Executive acknowledges and agrees that the services to be rendered by him to the Company are of a special and unique character; that the Executive will obtain knowledge and skill relevant to the Company's industry, methods of doing business and marketing strategies by virtue of the Executive's employment; and that the restrictive covenants and other terms and conditions of this Agreement are reasonable and reasonably necessary to protect the legitimate business interest of the Company.

The Executive further acknowledges that the amount of his compensation reflects, in part, his obligations and the Company's rights under Section 7, Section 8, and Section 9 of this Agreement; that he has no expectation of any additional compensation, royalties or other payment of any kind not otherwise referenced herein in connection herewith; and that he will not be subject to undue hardship by reason of his full compliance with the terms and conditions of Section 7, Section 8, and Section 9 of this Agreement or the Company's enforcement thereof.

11. **Remedies.** In the event of a breach or threatened breach by the Executive of Section 7, 8, or Section 9 of this Agreement, the Executive hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages, or other available forms of relief.

12. Proprietary Rights.

a. Work Product. The Executive acknowledges and agrees that all right, title, and interest in and to all writings, works of authorship, technology, inventions, discoveries, processes, techniques, methods, ideas, concepts, research, proposals, materials, and all other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived, or reduced to practice by the Executive individually or jointly with others during the period of his employment by the Company and relate in any way to the business or contemplated business, products, activities, research, or development of the Company or result from any work performed by the Executive for the Company (in each case, regardless of when or where prepared or whose equipment or other resources is used in preparing the same), all rights and claims related to the foregoing, and all printed, physical and electronic copies, and other tangible embodiments thereof (collectively, "Work Product"), as well as any and all rights in and to US and foreign (a) patents, patent disclosures and inventions (whether patentable or not), (b) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing, (c) copyrights and copyrightable works (including computer programs), [mask works,] and rights in data and databases, (d) trade secrets, know-how, and other confidential information, and (e) all other intellectual property rights, in each case whether registered or unregistered and including all registrations and applications for, and renewals and extensions of, such rights, all improvements thereto and all similar or equivalent rights or forms of protection in any part of the world (collectively, "Intellectual Property Rights"), shall be the sole and exclusive property of the Company.

For purposes of this Agreement, Work Product includes, but is not limited to, Company information, including plans, publications, research, strategies, documents, contracts, customer lists, manufacturing information, marketing information, advertising information, and sales information.

b. Work Made for Hire; Assignment. The Executive acknowledges that, by reason of being employed by the Company at the relevant times, to the extent permitted by law, all of the Work Product consisting of copyrightable subject matter is "work made for hire" as defined in 17 U.S.C. § 101 and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply, the Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title, and interest in and to all Work Product and Intellectual Property Rights therein, including the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title, or interest in any Work Product or Intellectual Property Rights so as to be less in any respect than that the Company would have had in the absence of this Agreement.

c. **Further Assurances; Power of Attorney.** During and after his employment, the Executive agrees to reasonably cooperate with the Company to (a) apply for, obtain, perfect, and transfer to the Company the Work Product as well as any and all Intellectual Property Rights in the Work Product in any jurisdiction in the world; and (b) maintain, protect and enforce the same, including, without limitation, giving testimony and executing and delivering to the Company any and all applications, oaths, declarations, affidavits, waivers, assignments, and other documents and instruments as shall be requested by the Company. The Executive hereby irrevocably grants the Company power of attorney to execute and deliver any such documents on the Executive's behalf in his name and to do all other lawfully permitted acts to transfer the Work Product to the Company and further the transfer, prosecution, issuance, and maintenance of all Intellectual Property Rights therein, to the full extent permitted by law, if the Executive does not promptly cooperate with the Company's request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be affected by the Executive's subsequent incapacity.

d. No License. The Executive understands that this Agreement does not, and shall not be construed to, grant the Executive any license or right of any nature with respect to any Work Product or Intellectual Property Rights or any Confidential Information, materials, software, or other tools made available to him by the Company.

13. Security.

a. Security and Access. The Executive agrees and covenants (a) to comply with all Company security policies and procedures as in force from time to time and any and all other Company IT resources ("Facilities and Information Technology Resources"); (b) not to access or use any Facilities and Information Technology Resources except as authorized by the Company; and (iii) not to access or use any Facilities and Information Technology Resources in any manner after the termination of the Executive's employment by the Company, whether termination is voluntary or involuntary. The Executive agrees to notify the Company promptly in the event he learns of any violation of the foregoing by others, or of any other misappropriation or unauthorized access, use, reproduction, or reverse engineering of, or tampering with any Facilities and Information Technology Resources or other Company property or materials by others.

b. Exit Obligations. Upon (a) voluntary or involuntary termination of the Executive's employment or (b) the Company's request at any time during the Executive's employment, the Executive shall (i) provide or return to the Company any and all Company property and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or Work Product, that are in the possession or control of the Executive, whether they were provided to the Executive by the Company or any of its business associates or created by the Executive in connection with his employment by the Company; and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations, and media in the Executive's possession or control.

14. **Publicity.** The Executive hereby irrevocably consents to any and all uses and displays, by the Company and its agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance, and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes, and all other printed and electronic forms and media throughout the world, at any time during or after the period of his employment by the Company, for all legitimate commercial and business purposes of the Company ("Permitted Uses") without further consent from or royalty, payment, or other compensation to the Executive. The Executive hereby forever waives and releases the Company and its directors, officers, employees, and agents from any and all claims, actions, damages, losses, costs, expenses, and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of his employment by the Company, arising directly or indirectly from the Company's and its agents', representatives', and licensees' exercise of their rights in connection with any Permitted Uses.

15. Governing Law: Jurisdiction and Venue. This Agreement, for all purposes, shall be construed in accordance with the laws of the Province of Ontario, Canada without regard to conflicts of law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a provincial or federal court located in the Province of Ontario, in the city of Toronto. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

16. **Entire Agreement.** Unless specifically provided herein, this Agreement contains all of the understandings and representations between the Executive and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter. The parties mutually agree that the Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement.

17. **Modification and Waiver.** No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Executive and by Chief Executive Officer of the Company. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power, or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power, or privilege.

18. **Severability.** Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement.

The parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement, or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law.

The parties expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal, or unenforceable provisions had not been set forth herein.

19. **Captions.** Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

20. **Counterparts.** This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21. **Tolling.** Should the Executive violate any of the terms of the restrictive covenant obligations articulated herein, the obligation at issue will run from the first date on which the Executive ceases to be in violation of such obligation.

22. **Notification to Subsequent Employer.** When the Executive's employment with the Company terminates, the Executive agrees to notify any subsequent employer of the restrictive covenants sections contained in this Agreement. The Executive will also deliver a copy of such notice to the Company before the Executive commences employment with any subsequent employer. In addition, the Executive authorizes the Company to provide a copy of the restrictive covenants sections of this Agreement to third parties, including but not limited to, the Executive's subsequent, anticipated, or possible future employer.

23. **Successors and Assigns.** This Agreement is personal to the Executive and shall not be assigned by the Executive. Any purported assignment by the Executive shall be null and void from the initial date of the purported assignment. The Company may assign this Agreement to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and permitted successors and assigns.

24. **Notice.** Notices and all other communications provided for in this Agreement shall be in writing and shall be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

If to the Company:

Planet 13 Holdings, Inc., or MM Development Company, Inc., currently registered corporate office or registered agent.

If to the Executive:
Address written below.
117 Bedford Road
Toronto, Ontario M5R 2K5
Canada

25. **Representations of the Executive.** The Executive represents and warrants to the Company that:

The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not conflict with or result in a violation of, a breach of, or a default under any contract, agreement, or understanding to which he is a party or is otherwise bound.

The Executive's acceptance of employment with the Company and the performance of his duties hereunder will not violate any non-solicitation, non-competition, or other similar covenant or agreement of a prior employer.

26. Withholding. The Company shall have the right to withhold from any amount payable hereunder any Federal, Provincial, and local taxes in order for the Company to satisfy any withholding tax obligation it may have under any applicable law or regulation.

27. Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

28. Gender and Number. Wherever appropriate herein, the masculine may mean the feminine and the singular may mean the plural or vice versa.

29. Acknowledgement of Full Understanding. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

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

Employee:	Planet 13 Holdings, Inc.
/s/ Dennis Logan Name: Dennis Logan	By: /s/ Robert Groesbeck Robert Groesbeck, co-CEO
Address: [REDACTED]	By: /s/ Larry Scheffler Name: Larry Scheffler, co-CEO

Exhibit 21

Subsidiaries of Planet 13 Holdings Inc.

Name of Subsidiaries	Jurisdiction of Incorporation
BLC Management Company, LLC	Nevada
BLC NV Food, LLC	Nevada
By The Slice, LLC (a)	Nevada
LBC CBD, LLC (b)	Nevada
MM Development CA, Inc. (inactive)	California
MM Development Company, Inc. (c)	Nevada
MM Development MI, Inc. (inactive)	Michigan
Newtonian Principles, Inc. (d)	Delaware
Planet 13 Chicago, LLC	Illinois
Planet 13 Florida, Inc.	Florida
Planet 13 Illinois, LLC	Illinois

(a) Doing business as Trece Restaurant.

(b) Doing business as Planet M.

(c) Doing business as (1) Planet 13 and (2) Medizin.

(d) Doing business as Planet 13.